



Theewaterskloof
Municipality

ANNUAL REPORT

Volume I

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Contents

CONTENTS

CONTENTS	2
CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY	12
COMPONENT A: MAYOR’S FOREWORD	12
COMPONENT B: EXECUTIVE SUMMARY	16
1.1. MUNICIPAL MANAGER’S OVERVIEW	16
1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW	18
1.2.1 INTRODUCTION TO BACKGROUND DATA	18
1.2.2 POPULATION	18
1.2.2.1 TOTAL POPULATION	18
1.2.2.2 POPULATION PROFILE	18
1.2.3 HOUSEHOLD PROFILE	19
1.2.4 SOCIO-ECONOMIC STATUS	19
1.2.5 OVERVIEW OF NEIBOURHOODS WITHIN THE MUNICIPALITY	19
1.2.6 NATURAL RESOURCES	20
1.2.7 COMMENT ON BACKGROUND DATA	20
1.3. SERVICE DELIVERY OVERVIEW	21
1.3.1 SERVICE DELIVERY INTRODUCTION	21
1.3.2 PROPORTION OF HOUSEHOLDS WITH ACCESS TO BASIC SERVICES	21
1.4. FINANCIAL HEALTH OVERVIEW	22
1.4.1 FINANCIAL OVERVIEW	22
1.4.2 FINANCIAL OVERVIEW 2014/15	23
1.4.3 OPERATING RATIOS	23
1.4.4 TOTAL CAPITAL EXPENDITURE: 2012-2015	24
1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW	25
1.5.1 ORGANISATIONAL DEVELOPMENT PERFORMANCE	25
1.6. AUDITOR GENERAL REPORT	25
1.7. STATUTORY ANNUAL REPORT PROCESS	26
CHAPTER 2 – GOVERNANCE	27
COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE	27
2.1 INTRODUCTION TO POLITICAL GOVERNANCE	27

Contents

2.1.1 POLITICAL STRUCTURE	28
2.1.2 COUNCILLOR PROFILE	29
2.1.3 POLITICAL DECISION-TAKING	29
2.2 ADMINISTRATIVE GOVERNANCE	30
2.2.1 INTRODUCTION TO ADMINISTRATIVE GOVERNANCE	30
COMPONENT B: INTERGOVERNMENTAL RELATIONS	31
2.3 ADMINISTRATIVE GOVERNANCE	31
COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION	33
2.4 PUBLIC MEETINGS	34
2.4.1 WARD COMMITTEES	34
2.5 IDP PARTICIPATION AND ALIGNMENT	39
COMPONENT D: CORPORATE GOVERNANCE	40
2.6 RISK MANAGEMENT	40
2.7 ANTI-CORRUPTION AND FRAUD	41
2.8 AUDIT COMMITTEE	41
2.9 SUPPLY CHAIN MANAGEMENT	47
2.10 BY-LAWS	48
2.11 WEBSITES	49
CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)	50
COMPONENT A: BASIC SERVICES	71
3.1 WATER PROVISION	71
3.1.1 INTRODUCTION TO WATER PROVISION	71
3.1.2 TOTAL USE OF WATER BY SECTOR	72
3.1.3 WATER SERVICE DELIVERY LEVELS	72
3.1.4 HOUSEHOLD WATER SERVICE DELIVERY LEVELS BELOW MINIMUM	73
3.1.5 ACCESS TO WATER	73
3.1.6 EMPLOYEES WATER SERVICES	74
3.1.7 FINANCIAL PERFORMANCE: WATER SERVICES	74
3.1.8 CAPITAL EXPENDITURE: WATER SERVICES	75
3.1.9 COMMENT ON WATER SERVICE PERFORMANCE OVERALL	75
3.2 WASTE WATER PROVISION	75
3.2.1 WASTE WATER (SANITATION) PROVISION	75

Contents

3.2.2 SANITATION SERVICE DELIVERY LEVELS	76
3.2.3 HOUSEHOLD: SANITATION SERVICE DELIVERY LEVELS BELOW MINIMUM	76
3.2.4 ACCESS TO SANITATION	77
3.2.5 EMPLOYEES: SANITATION SERVICES	77
3.2.6 FINANCIAL PERFORMANCE: SANITATION SERVICES	78
3.2.7 CAPITAL EXPENDITURE: SANITATION SERVICES	78
3.2.8 COMMENT ON SANITATION PERFORMANCE OVERALL	78
3.3 ELECTRICITY	79
3.3.1 INTRODUCTION TO ELECTRICITY	79
3.3.2 ELECTRICITY SERVICE DELIVERY LEVELS	79
3.3.3 EMPLOYEES ELECTRICITY SERVICE	80
3.3.4 FINANCIAL PERFORMANCE: ELECTRICITY SERVICES	80
3.3.5 CAPITAL EXPENDITURE: ELECTRICITY SERVICES	80
3.4 WASTE MANAGEMENT (THIS SECTION TO INCLUDE REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYLING)	81
3.4.1 INTRODUCTION TO WASTE MANAGEMENT	81
3.4.2 SOLID WASTE SERVICE DELIVERY LEVELS	82
3.4.3 HOUSEHOLDS: SOLID WASTE SERVICE DELIVERY LEVELS BELOW MINIMUM	82
3.4.4 EMPLOYEES: SOLID WASTE MANAGEMENT	83
3.4.5 EMPLOYEES: WASTE DISPOSAL AND OTHER SERVICES	83
3.4.6 FINANCIAL PERFORMANCE: WASTE MANAGEMENT SERVICES	83
3.4.7 CAPITAL EXPENDITURE: WASTE MANAGEMENT SERVICES	84
3.5 HOUSING	84
3.5.1 PERCENTAGE OF HOUSEHOLD WITH ACCESS TO BASIC HOUSING	84
3.5.2 EMPLOYEES: HOUSING SERVICES	85
3.5.3 HOUSING SERVICES	85
3.5.4 FINANCIAL PERFORMANCE: HOUSING SERVICES	86
3.5.5 CAPITAL EXPENDITURE: HOUSING SERVICES	86
3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT	87
3.6.1 INTRODUCTION FREE BASIC SERVICES AND INDIGENT SUPPORT	87
3.6.2 FINANCIAL PERFORMANCE: FREE BASIC SERVICES DELIVERY	88
COMPONENT B: ROAD TRANSPORT	89
3.7 ROADS	89
3.7.1 INTRODUCTION TO ROADS	89

Contents

3.7.2 GRAVEL ROAD INFRASTRUCTURE	89
3.7.3 TARRED ROAD INFRASTRUCTURE	89
3.7.4 COST OF CONSTRUCTION/MAINTENANCE	90
3.7.5 ROAD INFRASTRUCTURE COSTS	90
3.7.6 EMPLOYEES: ROAD SERVICES	90
3.7.7 FINANCIAL PERFORMANCE: ROAD SERVICES	91
3.7.8 CAPITAL EXPENDITURE: ROAD SERVICES	91
3.7.9 COMMENT ON THE PERFORMANCE OF ROADS OVERALL	92
3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)	92
3.9 STORMWATER DRAINAGE	92
3.9.1 STORMWATER DRAINAGE	92
3.9.2 STORMWATER INFRASTRUCTURE	93
3.9.3 COST OF CONSTRUCTION/MAINTENANCE	93
3.9.4 STORMWATER INFRASTRUCTURE COST	93
3.9.5 EMPLOYEES: STORMWATER SERVICES	94
3.9.6 FINANCIAL PERFORMANCE: STORMWATER SERVICES	94
COMPONENT C: PLANNING AND DEVELOPMENT	95
3.10 INTRODUCTION TO PLANNING AND DEVELOPMENT	95
3.10.1 INTRODUCTION TO PLANNING	95
3.10.2 APPLICATIONS FOR LAND USE DEVELOPMENT	96
3.10.3 EMPLOYEES: PLANNING SERVICES	96
3.10.4 FINANCIAL PERFORMANCE: PLANNING SERVICE	97
3.10.5 CAPITAL EXPENDITURE: PLANNING SERVICE	97
3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)	97
3.11.1 INTRODUCTION TO ECONOMIC DEVELOPMENT	97
3.11.2 ECONOMIC ACTIVITY BY SECTOR	99
3.11.3 ECONOMIC EMPLOYMENT BY SECTOR	99
3.11.4 EMPLOYMENT STATUS OF HEAD OF HOUSEHOLD PER WARD (2011)	100
3.11.5 JOBS CREATED THROUGH EPWP	100
3.11.6 EMPLOYEES: LOCAL ECONOMIC DEVELOPMENT SERVICES	100
3.11.7 FINANCIAL PERFORMANCE: LOCAL ECONOMIC DEVELOPMENT SERVICES	101
3.11.8 CAPITAL EXPENDITURE: LOCAL ECONOMIC DEVELOPMENT SERVICES	101
COMPONENT D: COMMUNITY & SOCIAL SERVICES	102

Contents

3.12 LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)	102
3.12.1 LIBRARY: HIGHLIGHTS/CHALLENGES AND SERVICES STATISTICS	102
3.12.2 EMPLOYEES: LIBRARY SERVICES	103
3.12.3 FINANCIAL PERFORMANCE: LIBRARY SERVICES	103
3.12.4 CAPITAL EXPENDITURE: LIBRARY SERVICES	104
3.13 CEMETORIES AND CREMATORIALS	104
3.13.1 INTRODUCTION CEMETORIES AND CREMATORIALS	104
3.13.2 FINANCIAL PERFORMANCE: CEMETORIES	105
3.13.3 CAPITAL EXPENDITURE: CEMETORIES	105
3.13.4 COMMENT ON THE PERFORMANCE OF CEMETRIES AND CREMATORIALS	105
3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES	106
3.14.1 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES	106
COMPONENT E: ENVIRONMENTAL PROTECTION	107
3.15 POLLUTION CONTROL	107
3.15.1 INTRODUCTION TO POLLUTION CONTROL	107
3.15.2 FINANCIAL PERFORMANCE: POLLUTION CONTROL	107
3.16 BIO-DIVERSITY; LANDSCAPE (INCL.OPEN SPACES); AND OTHER (EG. COASTAL PROTECTION)	108
3.16.1 INTRODUCTION TO BIO-DIVERSITY; LANDSCAPE	108
COMPONENT F: HEALTH	108
3.17 CLINICS	108
3.18 AMBULANCE SERVICES	108
3.19 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC	108
COMPONENT G: SECURITY AND SAFETY	109
3.20 TRAFFIC	109
3.20.1 EMPLOYEES: TRAFFIC OFFICERS	109
3.21 LAW ENFORCEMENT	109
3.21.1 LAW ENFORCEMENT: HIGHLIGHTS/CHALLENGES AND SERVICE STATISTICS	109
3.21.2 FINANCIAL PERFORMANCE: TRAFFIC AND LAW ENFORCEMENT	110
3.21.3 LAW ENFORCEMENT: CHALLENGES	110
3.22 DISASTER MANAGEMENT	111
3.22.1 INTRODUCTION TO DISASTER MANAGEMENT	111

Contents

3.22.2	EMPLOYEES: DISASTER MANAGEMENT	111
3.22.3	FINANCIAL PERFORMANCE: DISASTER MANAGEMENT	111
COMPONENT H: SPORT AND RECREATION		112
3.23	SPORT AND RECREATION	112
3.23.1	SPORT AND RECREATION: HIGHLIGHTS/CHALLENGES AND SERVICES	112
3.23.2	EMPLOYEES: SPORT AND RECREATION	113
3.23.3	FINANCIAL PERFORMANCE: SPORT AND RECREATION	114
3.23.4	CAPITAL EXPENDITURE: SPORT AND RECREATION	114
3.23.5	EMPLOYEES: PARKS	114
3.24	EXECUTIVE AND COUNCIL	115
3.24.1	EMPLOYEES: EXECUTIVE AND COUNCIL	115
3.24.2	FINANCIAL PERFORMANCE: EXECUTIVE AND COUNCIL	116
3.25	FINANCIAL SERVICES	116
3.25.1	INTRODUCTION TO FINANCIAL SERVICES	116
3.25.2	DEBT RECOVERY	118
3.25.3	EMPLOYEES: FINANCIAL SERVICES	119
3.25.4	FINANCIAL PERFORMANCE: FINANCIAL SERVICES	119
3.25.5	CAPITAL EXPENDITURE: FINANCIAL SERVICES	119
3.26	HUMAN RESOURCE SERVICES	120
3.26.1	HUMAN RESOURCE SERVICES	120
3.26.2	FINANCIAL PERFORMANCE: HUMAN RESOURCE SERVICES	120
3.27	INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES	120
3.27.1	EMPLOYEES: ICT SERVICES	121
3.27.2	FINANCIAL PERFORMANCE: ICT SERVICES	121
3.28	PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES	122
3.28.1	PROPERTY MANAGEMENT: CHALLENGES/HIGHLIGHTS	122
3.28.2	EMPLOYEES PROPERTY MANAGEMENT AND VALUATIONS	123
3.28.3	FINANCIAL PERFORMANCE: PROPERTY MANAGEMENT	123
3.28.4	CAPITAL EXPENDITURE: PROPERTY MANAGEMENT	124
CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE		125
(PERFORMANCE REPORT PART II)		125
COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL		125

Contents

4.1 EMPLOYEES TOTALS, TURNOVER AND VACANCIES	125
4.1.1 EMPLOYEES	125
4.1.2 VACANCY RATE: YEAR 2014/15	126
4.1.3 TURN-OVER: YEAR 2014/15.....	126
4.1.4 COMMENT ON VACANCIES AND TURNOVER.....	126
COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE	127
4.2 INTRODUCTION TO MANAGING THE MUNICIPAL WORKFORCE	127
4.2.1 HUMAN RESOURCE POLICIES AND PLANS	127
4.3 INJURIES, SICKNESS AND SUSPENSIONS	128
4.3.1 NUMBER AND COST OF INJURIES ON DUTY.....	128
4.3.2 NUMBER OF DAYS AND COST OF SICK LEAVE (EXCLUDING INJURY ON DUTY)	129
4.3.3 AVERAGE NUMBER OF DAYS OF SICK LEAVE (EXCLUDING INJURY ON DUTY).....	129
4.3.4 COMMENT ON INJURY AND SICK LEAVE	130
4.3.5 NUMBER AND PERIOD OF SUSPENSIONS.....	130
4.4 PERFORMANCE REWARDS.....	130
4.4.1 PERFORMANCE REWARDS BY GENDER.....	130
COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE	131
4.5 SKILLS DEVELOPMENT AND TRAINING.....	132
4.5.1 NUMBER OF SKILLED EMPLOYEES	132
4.5.2 FINANCIAL COMPETENCY DEVELOPMENT: PROGRESS REPORT	133
4.5.3 SKILLS DEVELOPMENT EXPENDITURE	134
COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE	135
4.6 EMPLOYEE EXPENDITURE	135
4.6.1 EMPLOYEE EXPENDITURE	135
4.6.2 NUMBER OF EMPLOYEES WHOSE SALARIES WERE INCREASED DUE TO THEIR POSITIONS BEING UPGRADED	136
4.6.3 EMPLOYEE WHOSE SALARY LEVELS EXCEED THE GRADE DETERMINED BY JOB EVALUATION	136
4.6.4 EMPLOYEES APPOINTED TO POSTS NOT APPROVED.....	136
CHAPTER 5 – FINANCIAL PERFORMANCE.....	137
5.1 STATEMENTS OF FINANCIAL PERFORMANCE.....	Error! Bookmark not defined.
5.2 GRANTS	Error! Bookmark not defined.
5.3 ASSET MANAGEMENT.....	Error! Bookmark not defined.

Contents

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS	Error! Bookmark not defined.
COMPONENT B: SPENDING AGAINST CAPITAL BUDGET	154
5.5 CAPITAL EXPENDITURE	Error! Bookmark not defined.
5.6 SOURCES OF FINANCE	156
5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS	Error! Bookmark not defined.
5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW	Error! Bookmark not defined.
COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS	163
5.9 CASH FLOW	Error! Bookmark not defined.
5.10 BORROWING AND INVESTMENTS	Error! Bookmark not defined.
5.11 PUBLIC PRIVATE PARTNERSHIPS	Error! Bookmark not defined.
COMPONENT D: OTHER FINANCIAL MATTERS	168
5.12 SUPPLY CHAIN MANAGEMENT	Error! Bookmark not defined.
5.13 GRAP COMPLIANCE	Error! Bookmark not defined.
CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS	170
COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS Year -1	170
6.1 AUDITOR GENERAL REPORTS Year -1 (Previous year)	170
COMPONENT B: AUDITOR-GENERAL OPINION YEAR 0 (CURRENT YEAR)	173
6.2 AUDITOR GENERAL REPORT YEAR 0	173
GLOSSARY	178
APPENDICES	181
APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE	181
APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES	182
APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE	184
APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY	185
APPENDIX E – WARD REPORTING	186
APPENDIX F – WARD INFORMATION	190

Chapter 1

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 2014/15	
.....	191

Contents

APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS	193
APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE	195
APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS	196
APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE	197
APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE	197
APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE	198
APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG	199
APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES	200
APPENDIX M (i): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME	200
APPENDIX M (ii): CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME	202
APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 0	206
APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 0	208
APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS	209
APPENDIX Q – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION	210
APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY	211
APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT	212
VOLUME II: ANNUAL FINANCIAL STATEMENTS	213

Chapter 1

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD

a. Vision:

To achieve its vision and mission Theewaterskloof Municipality has to comply with legislation of which the most prominent are the Local Government: Municipal Systems Act 32 of 2000 and the Local Government: Municipal Structures Act 117 of 1998.

In terms of practical local governance the municipality identified sustainability threats as the biggest challenge to achieve its vision and mission.

In 2014/2015 Council identified interventions to ensure holistic sustainability; i.e. institution, corporate governance, income and finances, development, infrastructure and service delivery.

Long term sustainability challenges results from a poor and economic marginalised resource region in which 53% of the population is indigent, only 47% of residents pay taxes and tariffs and only 85% of municipal income was collected. Council had to provide guidance in dealing with this situation and implemented and embarked on the following interventions:

- A mayoral task group with the mandate to monitor the increase in debt recovery.
- Practical means for the administration to increase the percentage of paying consumers.
- Practical means to recover 90% of debts.
- Negotiations with organs of government and SALGA to create a new fiscal policy for the funding of local authorities.
- Local economic development to broaden the tax and tariffs’ base.
- Negotiate with ESKOM to allow the municipality to become an electricity distributor.

Vision: “To ensure and preserve the heritage and natural resources within the region, create and develop a safe, healthy, crime free, economically stable and viable environment for all”

Mission: “To provide, develop and promote equal opportunities for everyone to stay in a safe, healthy, crime free, economically stable and viable environment through transparent and effective governance, politically stable, planning, services and the efficient and effective utilisation of resources”

Key strategic objectives

- Broadening the income basis to add to financial sustainability.
- Accelerate the NDP’s focus on local economic growth through integrated agro and rural development.
- Infrastructure development for long term service delivery.
- Improved customer relations through a revised communication and client care strategy and stakeholder and community participation in municipal governance.
- Integration of projects such as Violence Prevention through Urban Upgrade (VPUU) and Grabouw Investment Initiative (GII) in the administration.
- Narrowed gap between public expectations and municipal ability regarding service delivery.
- Political stability during elections.
- Compliance with national and provincial development and growth priorities and interventions.

Chapter 1

b. Key Policy Developments:

Council guided the municipality to comply with the objective of the National Development Plan: “Our Vision – Make it Work”. An integrated council and administration planning session were held and development areas and portfolios were identified and mandated with terms of reference. The second phase of the intervention will be implemented after the new administration has been constituted in 2016.

Western Cape Provincial Growth and Development Strategy: Elements of this reflect in the Grabouw Sustainable Development Initiative and Crime Prevention through Urban Upgrade. Growth and development of local economies, job and wealth creation does not only increase social profiles but sources of income for the municipality to enhance bulk services infrastructure and service delivery.

Integrated Development Plan: The Vision and Mission Statement resulted in main objectives that provided a framework for the development of more detailed strategies, interventions and projects. The framework also provided a consistent structure for the IDP document. Strategic alignments in this regard with municipal realities typically included strategic objectives which were implemented successfully: improved sustainable financial management; good governance and auditing status of the municipality; improved municipal institutional capacities; infrastructure and bulk upgrades and replacements; improved environmental management; increased community safety through policing, bylaw revisiting and enforcement; integrated and sustainable human settlements and more housing solutions; and the creation of an economic and human development environment.

Public Participation: The municipality refined on and approved a public participation policy to comply with legal requirements, to make development plans and services more relevant to local needs and requirements, to take responsibility for services and to promote community actions and to empower local communities to have better control over their lives and livelihoods. The document provides a policy framework for public participation in TWK municipal area and provides mechanisms for the public to participate in local government. The document is not only legally compliant but a guideline of practical interventions to enhance public participation in local government. The document deals with key public participation principles: inclusivity, diversity, building the community participation, transparency, integration, flexibility, accessibility and accountability.

Municipal Financial Management Act: Initiatives were launched to improve municipal financial sustainability; and amongst the most notable is the registration of indigent families who cannot afford to pay for municipal services. The fact that more residents received prepaid electricity and water will prevent further debts. An extensive media activity was launched to inform and convince the public off the sustainability challenges facing the municipality. This had a positive outcome in the sense that independent analysts indicated that the municipal sustainability ratings improved.

c. Key Service Delivery Improvements:

- Client relations and customer care: Council approved client care and customer relations and communication strategies to create functional relations between the client and the municipality. The municipality identified the state of clients and municipal relations and the strategies will evolve debt collection, service delivery, municipal sustainability; the development of the annual IDP and budget; and public participation in consultation processes, town management, Service Level Agreements (SLA) and ward committees.
- The directorate operations implemented a centralised complaints register in all the towns and also commenced with the implementation of community help desks to improve interaction with clients and service delivery. Grabouw by and large finalised a Thusong Community Centre which became

Chapter 1

operational in the year under review.

- Substantial low cost housing projects were implemented in Caledon, Grabouw, Villiersdorp and Riviersonderend. These houses provide roofs over heads for the poorest of the poor.
- More work was done on the Grabouw Waste Water Treatment Plant and the capacity and effectiveness improved as a result. Considerable upgrading work was done at the Villiersdorp Waste Water Treatment Plant. The water purification plant in Grabouw resulted in safe water that exceeds national criteria. Villiersdorp water purification plant was upgraded. Several pre-paid water meters were repaired and replaced. A new electricity cable was laid between Aandblom and Veldblom. Substantial electricity work was also done in the Site Saviwa Housing Project.
- Resurfacing, upgrading and sealing of a considerable number of roads in the various towns were done and with the financial support of province the pothole crisis in Grabouw and Villiersdorp were substantially reduced.

d. Future Actions:

In the next financial year the focus will remain on enhancing municipal sustainability and obtaining income from sources that are not related to taxes and tariffs.

The municipality will continue its discussion through SALGA to negotiate a new government funding model for local governments in South Africa.

Broadening the economy through growth and development initiatives as stipulated in the National Development Plan will continue; which will broaden local businesses and economies and the platform to increase taxes and tariffs.

The emphasis on sustainable infrastructure with a long design capacity will be maintained to provide backing for a growing economy and need for municipal services.

The municipality acknowledge the right of people to move from wherever they come from to Theewaterskloof but needs support from national and provincial government to deal with the financial burden of a rapidly growing population which is by and large poor and indigent.

With the national municipal elections in 2016 posing a threat to unity in Theewaterskloof the municipality will put in place measurements that will prevent the disruption of orderly administrative governance and the relative high and acceptable levels of service delivery.

e. Agreements/Partnerships

- The Council approved the continuation of the HAN University in Holland and Theewaterskloof Municipality project to provide community development services, to support Dutch students with internships and to extend municipal capacities.
- Council approved the extension of the municipal project with Tyresö municipality in Sweden to enhance client care and waste management.
- Council approved the project with Province and the German Bank in regards to Violence Prevention through Urban Upgrade in Villiersdorp.

Chapter 1

f. Conclusion:

Local government is where the people and the leaders of the country meet on ground level; it is also the place where people articulate their most basic needs. In the past year the municipality created good relationships and communication tools with the people of Theewaterskloof.

There is understanding for the need to create an environment where the people can life and play with greater freedom. To facilitate this, the municipality adopted, as primary driving forces, the National Development Plan and the Provincial Development strategies as primary interventions to create opportunities and open societies.

As the Mayor of Theewaterskloof Municipality I treasure the people of the municipal area who provide us an opportunity to serve them. I treasure a committed Mayoral Committee, Council and administration.

I praise The Lord for guiding us day after day.

(Signed by :) _____

Alderman Chris Punt
Executive Mayor

Chapter 1

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

The 2014/15 financial year was exceptional and many key decisions were made to secure the future of Theewaterskloof municipality as a sustainable medium and long term provider of services in a developing environment.

Alignment of IDP with Council and Public Priorities

The municipality finalized an IDP based on a plan that was accepted by all role-players and stakeholders and which reflects the inputs of corporate, council, ward committees and town forums. In the planning, drafting and debriefing phases of the IDP the public had ample opportunities to make inputs and to express their desires and needs.

In an environment of financial unsustainability the municipality ran a risk to lose the community as revenue was simply too little to meet the people's needs. The IDP process complied with high levels of integrity and transparency and the public was throughout alerted to the fact that only a small percentage of their needs would reflect in the IDP.

In the debriefing sessions it was clear that the communities understand the financial constraints of the municipality. The debriefing phase showed that the communities and municipality moved closer to each other in terms of needs and capacities. It also indicated acceptable levels of good will between the two entities. The public's attendance of the IDP meetings reduced but so did protest actions – indicating that the public was relatively fine with municipal governance and service delivery and that they did not feel a need to attend the meetings.

The fact that communities were fully integrated in the quarterly councillor feedback sessions, Ward Committee meetings, Service Level Agreement Advisory Forums (SLAAF), newsletters; and that the municipality consulted with stakeholders such as business forums, increased public satisfactions.

The IDP was deployed as a mechanism to incorporate the vision of the National Development Plan and the Provincial Development Strategy into the development objectives of Theewaterskloof. Initiative such as Violence Prevention through Urban Upgrade (VPUU), Grabouw Investment Initiative (GII), the HAN/TWK-community welfare and socio-economic enhancement project and the Biggest Deal Challenge, which resulted from a partnership agreement between Theewaterskloof and Tyresö municipality in Sweden, became embedded with the goals and objectives of the IDP.

Service delivery and infrastructure

Despite the financial and especially income sustainability challenges the municipality identified and dealt with in 2014/2015, the local authority continued with acceptable levels of service delivery and infrastructure development, upgrading and maintenance.

Existing and new infrastructure enabled the municipality to maintain its bulk capacities. The municipality spent its Municipal Infrastructure Grants sensibly and new developments such as the Water Purification and Waste Water Treatment Plants in Grabouw and Villiersdorp offer capacities for at least 20 years.

Financial sustainability

Chapter 1

The municipality entered the year under review with indications from Ratings Africa that the authority's financial sustainability was threatened. Ratings Africa warned about the municipal financial position, operational issues, debt levels and liquidity.

The ratio between operational assets and current liabilities was initially under pressure but improved as the year progressed. Throughout the municipality paid its creditors in time and without an overdraft. The liquidity problem resulted from a low collection rate which improved from considerably through the year. To accelerate income the mayor established a debt collection committee under his chairpersonship. The committee made valuable inputs to increase the collection rate.

The fact that the municipality is primarily not an electricity provision entity prevented income and also made it difficult to use electricity cuts as a method of credit control.

Municipal tariffs and taxes were, in context with other municipalities, relatively low but the authority had to balance increases with the affordability of municipal debts on household.

It is good news that the municipality could implement interventions that increased its sustainability status. After assessing municipal financial statements two independent financial analysts indicated that Theewaterskloof substantially improved its financial sustainability ratings over the last three years.

Conservation of water and electricity

In terms of saving electricity and water as scarce commodities the municipality uses its newsletters to sensitize the public in this regards. The accelerated deployment of water and electricity prepaid meters probably reduced the quantities utilized in Theewaterskloof. In addition the municipality is constantly monitoring systems to prevent water losses. Faulty infrastructure causing losses are repaired as soon as the municipality is alerted of it.

Future challenges

Looking at the future the municipality identified several key matters to be dealt with in 2015/2016:

- Replacing or upgrading ageing infrastructure and working towards obtaining R450m to deal with this over the next 5 years.
- The excessive cross subsidizing of rates by trading services and the impact it has on the ability to build municipal capital reserve funds.
- Operational input costs, such as bulk water, personnel costs, fuel and bulk electricity, exceeding the inflation rate.
- Drastic rates and tariff increases to address the threats.
- Municipal sustainability considerations versus the affordability of the Municipal bill.
- An indigent population of 53% and increased pressure on those who carries the bulk of the municipal bill.
- National Grants funds for services and capital projects in previously disadvantaged areas.

Final remarks

I thank the Executive Mayor, Alderman Chris Punt, and his Committee for supporting administration. I thank Council for their inputs and for the political stability they created. I thank my team of directors and their employees; you have done a great job. I thank our Heavenly Father for his guidance.

Chapter 1

Stan Wallace
Municipal Manager

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

1.2.1 INTRODUCTION TO BACKGROUND DATA

The 2014/15 Annual Report reflects on the performance of the Theewaterskloof Municipality for the period of 1 July 2014 to June 2015. The Annual Report is prepared in terms of Section 121(1) of the Municipal Finance Management Act (MFMA), in terms of which the Municipality must prepare an Annual Report each financial year.

1.2.2 POPULATION

Theewaterskloof Municipality is the largest local authority in the Overberg District with an area of approximately 3231km² and houses 13 wards. It is the most populous municipality accounting for 42% or 108 790 of the Overberg District's population in 2011. Compared to the 2001 census, Theewaterskloof's population growth is estimated to have increased with 14%.

1.2.2.1 TOTAL POPULATION

MUNICIPALITY	CENSUS 2001	COMMUNITY SURVEY 2007	CENSUS 2011	% GROWTH
Theewaterskloof	93 276	86 721	108 790	14%

1.2.2.2 POPULATION PROFILE

Ward	Black African	Coloured	Indian or Asian	White	Other	Grand Total
1	1395	6222	38	1535	65	9256
2	312	7246	41	697	148	8443
3	1402	9277	24	398	74	11174
4	1180	3348	29	2487	59	7102
5	4188	5369	101	1868	101	11627
6	2711	3846	18	85	146	6805
7	1685	5806	28	620	83	8223
8	2603	2450	0	7	6	5066
9	2018	5581	22	373	2	7995
10	1409	3874	10	553	58	5904
11	2072	2814	21	363	23	5293
12	3070	4318	14	161	14	7576
13	4713	8326	42	1025	218	14325
Total	28757	68478	387	10173	995	108790

Ward	Male	Female	Grand Total
1	4730	4526	9256
2	4123	4320	8443
3	5633	5541	11174
4	3650	3452	7102
5	6700	4927	11627
6	3466	3339	6805
7	4118	4105	8223
8	2566	2500	5066
9	4124	3871	7995
10	3000	2904	5904
11	2641	2653	5293
12	3607	3970	7576
13	7105	7219	14325
Grand Total	55463	53327	108790

Chapter 1

1.2.3 HOUSEHOLD PROFILE

The total number of households within the municipal area increased from 21 572 households in 2012/13 financial year as per census 2011 data to a total of 28 884 in 2014/15 financial year.

In previous financial years the number of accounts was used to determine the number of households, in the 2014/15 census data was used to determine number of households

Households	2011/12	2012/13	2013/14	2014/15
Number of households in municipal area	20312	21572	28 884	28 884
Number of indigent households in municipal area	6157	5749	15 308	15 308
Percentage of indigent households in municipal area	30.3%	26.65%	53%	53%

1.2.4 SOCIO-ECONOMIC STATUS

The socio-economic information for the municipal area is as follows:

Housing Backlog		Employment								Households with no Income (%)	Literacy Rate
People of Wating List		Employed		Unemployed		Discouraged Work seeker		Not Economically Active			
People	%	People	%	People	%	People	%	People	%		
8 593	7.9	40 568	53.8	7 076	9.4	1 968	2.6	25 851	34.6	11.8	78.4

The official unemployment rate as per StatsSA Census 2011 for Theewaterskloof municipality is 14.9% excluding discouraged workseekers(rate is 18.3% if including them).

1.2.5 OVERVIEW OF NEIBOURHOODS WITHIN THE MUNICIPALITY

TOWN	CENSUS 2001		CENSUS 2011			
	WARD	POPULATION	POPULATION	NUMBER OF H/HOLDS	NUMBER OF HOUSEHOLDS (FARMS)	% GROWT H
RIVIERSONDEREND	1	8534	9256	1477	1234	8.46
GREYTON (Bosmans kloof & Heuwelkroon) GENADENDAL(Genadendal, Bereaville & Voorstekraal)	2	12304	8443	2582	0	-31.38
CALEDON (Myddleton, Bersig, Uitsig, part of Caledon Town, Station and industrial area)	3	6566	11174	2805	0	70.17
CALEDON (Tesselaarsdal & part of Caledon Town)	4	9847	7102	859	1353	-27.88
VILLIERSDORP (Elandskloof, High Noon, Helderstroom and part of Villiersdorp Town)	5	9078	11627	1134	1621	28.08
VILLIERSDORP (TWK Dam Estate, Dennehof, Nuwedorp, Informal Settlements and Part of Villiersdorp Town)	6	8252	6805	2245	0	-17.53

Chapter 1

TOWN	CENSUS 2001		CENSUS 2011			
	WARD	POPULATION	POPULATION	NUMBER OF H/HOLDS	NUMBER OF HOUSEHOLDS (FARMS)	% GROWTH
BOTRIVIER (<i>Botriver, Lebanon and De Rust</i>)	7	10320	8223	1579	514	-20.32
GRABOUW (<i>Rooidakke, City Council, Jagersvlakte, Elgin Timbers, Proefplaas, Applegarth, Eikenhof, country Club</i>)	8	2661	5066	1029	0	90.37
GRABOUW (<i>Nuweberg, Greymead, Vyeboom</i>)	9	18244	7995	126	1467	-56.18
	10	7473	5904	0 (FARM)	1397	-20.99

1.2.6 NATURAL RESOURCES

Natural Resources	
Major Natural Resource	Relevance to Community
Wesselsgat Dam	This is the main water sources for Grabouw.
Eikenhof Dam	This is the main water sources for Grabouw.
Botriver Bore holes x 6	This is the main water sources for Botriver.
Olifant bos stream	This is the main water sources for Riviersonderend.
Riviersonderend river	This is the main water sources for Riviersonderend.
Platkloof river	This is the main water sources for Greyton.
Wolwekloof river	This is the main water sources for Greyton.
Gobos river	This is the main water sources for Greyton.
Boschmanskloof river	This is the main water sources for Greyton.
Beviaan river	This is the main water sources for Genadendal.
Sewefontein river	This is the main water sources for Genadendal.
Koringlandskloof stream	This is the main water sources for Genadendal.
Bereaville stream	This is the main water sources for Bereaville.
Voorstekraal stream	This is the main water sources for Voorstekraal.
Kommiesiekraal river	This is the main water sources for Villiersdorp.
Elandskloof	This is the main water sources for Villiersdorp.
Tesselaarsdal Mountain stream	This is the main water sources for Tesselaarsdal.
Tesselaarsdal Borehole	This is the main water sources for Tesselaarsdal.
Bethoeskloof stream	This is the main water sources for Tesselaarsdal.
Greyton Nature Reserve in the Mountains of Greyton	Serves has hiking trails. Great attraction for tourism and hiking. Beautiful scenery and full of indigenous plants.
Caledon Wild Flower gardens and Nature Reserve	Serves has hiking trails. Great attraction for tourism and hiking. Beautiful scenery and full of indigenous plants. People can also visit the Botanical Gardens
Kogelberg Biosphere Reserve	Serves has hiking trails. Great attraction for tourism and hiking. Beautiful scenery and full of indigenous plants.
Theewaterskloof Dam	Sport & Recreation

1.2.7 COMMENT ON BACKGROUND DATA

The population data depicted above is based on the Census 2011 results therefore it does not give the true reflection of the municipal population. Current population projections shows that the municipality's population is annually growing at a 1.3 percent .

Chapter 1

1.3. SERVICE DELIVERY OVERVIEW

1.3.1 SERVICE DELIVERY INTRODUCTION

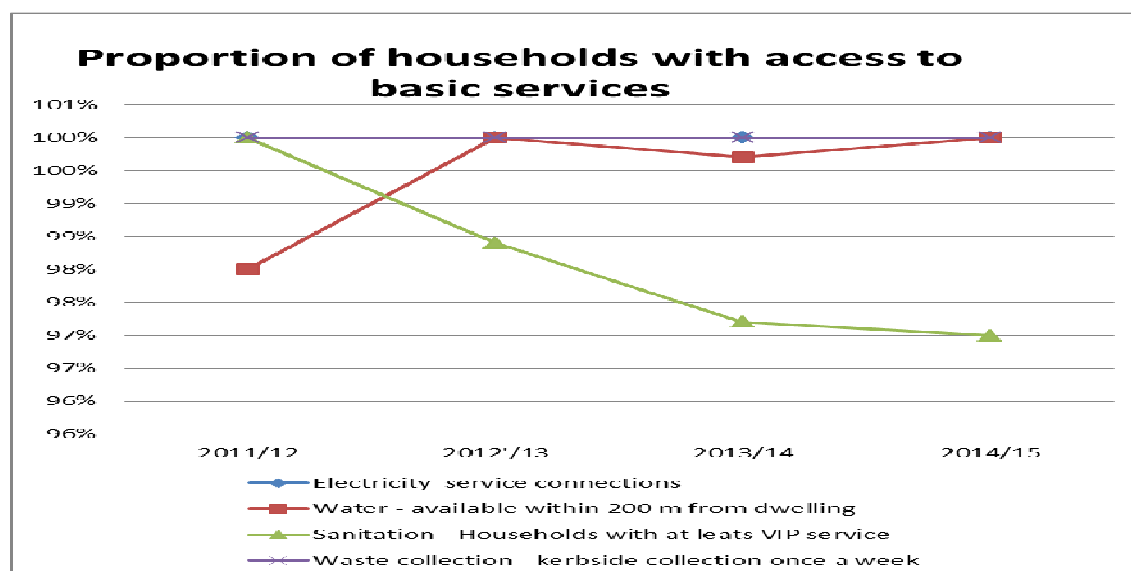
There are no backlogs with respect to access to basic water and sanitation services in the urban areas of the municipality. It is however estimated that there might still be households on the farms and informal settlements with existing service levels below RDP standards.

1.3.2 PROPORTION OF HOUSEHOLDS WITH ACCESS TO BASIC SERVICES

The table and graph below gives an indication of the proportion of households with minimum levels of basic services.

Proportion of Households with minimum level of Basic services

	2011/12	2012/13	2013/14	2014/15
Electricity service connections	100%	100%	100%	100%
Water - available within 200 m from dwelling	98%	100%	100%	100%
Sanitation - Households with at least VIP service	100%	98%	97%	97%
Waste collection - kerbside collection once a week	100%	100%	100%	100%



Chapter 1

1.4. FINANCIAL HEALTH OVERVIEW

1.4.1 FINANCIAL OVERVIEW

Theewaterskloof Municipality has recently been identified as the least financially sustainable municipality in the Western Cape. This was confirmed in a report released by Ratings Africa and also by the benchmarking tool developed by Provincial Treasury. In addition, the Auditor-General has also emphasized the financial health challenges in the draft management report on the annual financial statements for 2012/13. At a strategic workshop held at Arniston during September 2013, it was once again agreed by all participants (Councillors and Management) that financial sustainability is the biggest challenge facing the municipality and must therefore be the main priority of the municipality. Regardless of whatever whichever ratings agency said, the administration of TWK has for the past 9 years been able to keep the municipality financially viable and stable and at no point where the municipality in a position where it faced a financial collapse. Over the last three years considerable improvement has been made in the financial sustainability of the municipality has been made, from being rated as the 3rd least financially viable municipality of the 100 “big” municipalities to now falling within the middle group. This however does not mean that we are out of danger and continuous strict management decisions must be made to ensure that the ever remaining challenges are being addressed which include but is not limited to:

- Low debtors Collection Levels
- Poor liquidity position
- Exposure to long term liabilities
- Lack of reserve funds
- High levels of capital expenditure
- Range of unfunded mandates
- the migration phenomena
- errors in recent census results (contributing to the incorrect division of revenue from the national fiscus)
- The amount of funds required to keep collapsing infrastructure from becoming collapsed infrastructure

The municipality has gone through great lengths to address the low collection rate. 2013/14 financial year saw the introduction of the Door to Door project, the main objective is to ensure that information contained on the financial system are accurate and reliable, this refers to both debtor data and services data. This project assisted in ensuring that the municipality collect all monies due to it and assisted the debt collection department to perform their function optimally and ultimately increase the collection rate. Although introduced in 2013/14 the project was optimally running in the 2014/15 financial year. Grabouw one of the towns with the lowest collection rate was used as a “pilot” town. The success of the project of Grabouw can be seen in the fact that the town collection percentage increased from 65% (start of the project) to 71% at financial year end 2014/2015.

The Financial Sustainability steering committee is continuing to function optimally, with all efforts aimed at improving the financial viability of the municipality. TWK is continuing to argue (through SALGA) for a review of the fiscal model. The municipality is also one of the major role players in the attempts to either take over electricity distribution in its area from ESKOM or alternatively receiving revenue in the form of a surcharge from

Chapter 1

ESKOM and introducing a SLA between municipality and ESKOM. This will improve revenue and debt collection ratios considerably. SALGA and ESKOM has recently signed a MOU relating to the before mentioned. The municipality will continue to explore innovative methods to address its financial sustainability challenge.

1.4.2 FINANCIAL OVERVIEW 2014/15

Financial Overview -2014/15			
			R' 000
Details	Original budget	Adjustment Budget	Actual
Income			
Grants	157,261	183,094	168,311
Taxes, Levies and tariffs	225,159	225,164	222,729
Other	35,138	46,092	51,355
Sub Total	417,557	454,351	442,395
Less Expenditure	370,585	410,694	369,191
Net Total*	46,972	43,656	73,204
* Note: surplus/(defecit)			T1.4.2

1.4.3 OPERATING RATIOS

Operating Ratios	
Detail	%
Employee Cost	38%
Repairs & Maintenance	6%
Finance Charges & Depreciation	6%
	T1.4.3

The norm for Employee Related Cost to the Total Operating Budget range between 25% and 40% depending on various factors and circumstances. The 38 attained is within the National Norm. To put our personnel expenses in context, we must look at the per capita personnel costs. Theewaterskloof's ratio indicates one official per 159 people or one official servicing 42 households. This is a much higher "workload" when comparing TWK to other surrounding municipalities like Overstrand whose ratios are 1:78 and 1:31 respectively.

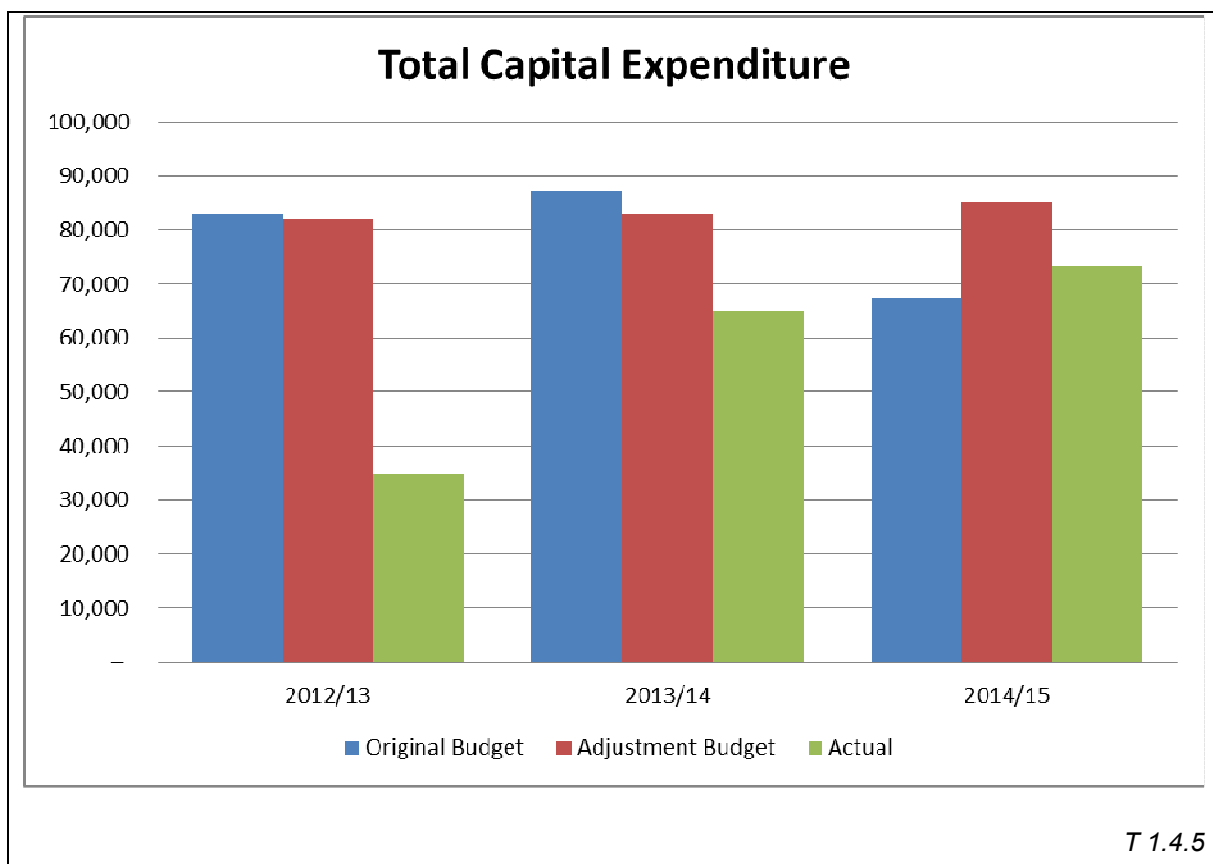
The municipality realizes the importance of expenditure on maintenance to ensure that assets are used optimally throughout their operational life. The municipality has made a conscious decision to increase its expenditure on repairs and maintenance gradually over the next few financial years. Optimally the municipality would eventually want to meet the national norm for expenditure on repairs and maintenance currently at 10%. Repairs and Maintenance has shown positive movement from 4.84% in 2013/14 to 6% in 2014/15 illustrating the municipality's willingness to achieve the national benchmark. It is important that this ratio is gradually increased (giving to consideration to other expenditure commitments) as a rapid increase could lead to cash flow problems that in turn would have a negative impact on service delivery.

Chapter 1

In 2012 a decision was taken that no further loans will be taken up, however due to unavoidable circumstances and the requirements for counter funding to obtain grants the municipality had no other option but to take up further loans. The municipal finance and depreciation percentage is at a tolerable level. The municipality has successfully reduced its Capital cost ratio to well within the national norm of 8%.

1.4.4 TOTAL CAPITAL EXPENDITURE: 2012-2015

Total Capital Expenditure: 2012 to 2015			
	R'000		
Detail	2012/13	2013/14	2014/15
Original Budget	83,052	87,304	67,547
Adjustment Budget	82,043	82,951	85,177
Actual	35,021	64,898	73 127
			T1.4.4



Chapter 1

Explanation for variances

1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

1.5.1 ORGANISATIONAL DEVELOPMENT PERFORMANCE

The objective of Organisation Development is to improve the municipality's capacity in order to give effect to its service delivery mandate. This includes improved more effective communication, more effective decision processes, more appropriate leadership style, improved skill in dealing with conflict, and higher levels of trust and cooperation among staff members. The workplace skills plan of the municipality has as its main aim the achievement of cost effective and efficient service delivery as well as:

1. Providing learning opportunities for staff as well as members of the community through our learnership programmes
2. Providing opportunities for each staff member to develop to his / her full potential.
3. Seeking to increase the effectiveness of the municipality in terms of all of its strategies, objectives and goals.
4. Providing opportunities for staff to influence the way in which they relate to work, the municipality, and the environment.

1.6. AUDITOR GENERAL REPORT

1.6.1 AUDITOR GENERAL REPORT: YEAR 2014/15 (CURRENT YEAR)

The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2014 (Act No. 10 of 2014) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. It is the Auditor General's responsibility to express an opinion on these financial statements based on his audit. The audit is conducted in accordance with International Standards on Auditing. Those standards require that the Auditor General comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

In the opinion of the Auditor, the financial statements present fairly, in all material respects, the financial position of the Theewaterskloof Municipality as at 30 June 2015 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA. This therefore represents an unqualified (clean) audit for the 2014/15 financial year

Chapter 1

1.7. STATUTORY ANNUAL REPORT PROCESS

PROCESS	DATE
AR & FS to AG	
<ul style="list-style-type: none"> Submit 2014/2015 Draft Annual Report and Financial statements to Auditor General Compile and submit Municipal Audit file to the Auditor General 	28 August 2015
Table Draft AR & AFS	28 January 2016
Mayor tables draft AR and AFS at council	
Advertise draft AR & AFS for public input	29 January 2016 – 26 February 2016
Advertise Oversight Committee Schedule inviting the Public to make presentations of the AR and AFS	29 January 2016
1st Oversight Committee Meeting: Oversight Committee pose questions to Management to get clarity on the contents of the Annual Financial statements and the Annual Report (10h00)	09 February 2016
Portfolio Committee Meeting: Submit Draft AR to Portfolio Committees for inputs	02;03;&15 February 2016
2nd Oversight Committee Meeting: Public hearings -The local community and any organ of state will be allowed to make representations on the annual report and AFS (10h00)	03 March 2016
3rd Oversight Committee Meeting: Preparation of the draft oversight report, taking into consideration the views and inputs of the public, representatives of the Auditor General, organ of states, Councils audit committee and Councillors (14h00)	08 March 2016
Oversight & Annual Report: Adoption of Oversight report on AR & AFS by council	24 March 2016
Advertise approved Annual report- Place on Municipal Website	29 March 2016
Submission of Oversight & Annual Report to Provincial Treasury and Office of the Premier	29 March 2016

Chapter 2

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

Good governance has 8 major characteristics namely, participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive which follows the rule of law. Through this corruption is minimized, the views of minorities are taken into account and the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society.

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

The Constitution section 151 (3) states that the council of a municipality has the right to govern on its own initiative, the local government affairs of the local community.

2.1 INTRODUCTION TO POLITICAL GOVERNANCE

MFMA section 52 (a): The Mayor must provide general political guidance over the fiscal and financial affairs of the municipality.

The council performs both legislative and executive functions, with focus on legislative, oversight and participatory roles, and has delegated its executive function to the Executive Mayor and the Mayoral Committee. Council's primary role is to debate issues publicly and also to facilitate political debate and discussion. Apart from their functions as decision makers, councilors are also actively involved in community work as well as various social programmes in the municipal area.

The political Governance structure with respect to key committees is fairly well established and functional. These committees include:

- The Executive Mayoral Committee
- The Portfolio committees
- The Audit and Performance Audit committee
- Risk Committee
- Budget committee
- Oversight Committee

Chapter 2

2.1.1 POLITICAL STRUCTURE

The Council has 25 seats 13 Ward Councillors and 12 Proportional Representative (PR) Councillors. The Speaker, Councillor C Vosloo is the Chairperson of the Council. The Party Political and demographic representation of Councillors is reflected in the table below:

POLITICAL PARTY	ALLOCATION OF SEATS	GENDER	
		MALE	FEMALE
DA	13	8	5
ANC	9	4	5
COPE	1	1	0
NNP	1	1	0
NICO	1	1	0

The Council is fully functional and 11 Ordinary Council meetings and 5 Special Council meetings were held in the 2014/15 financial year, as against the scheduled 11 meetings.

EXECUTIVE MAYOR:
Alderman: C.B. Punt

Function

- Is the Executive and Political Leader of the Municipality
- Is the Social and Ceremonial Head of Council
- Is the Chief Advisor of Council
- Responsible for identifying the needs of the Municipality
- Must monitor the Administrator
- Supervises the delivery of services
- Report to Council
- Budgetary responsibilities

DEPUTY MAYOR:
Cllr: M Tshaka

The Deputy Mayor acts in the absence of the Executive Mayor

SPEAKER:
Cllr: C Vosloo

Is the chairperson of the Municipal Council and as such is authorized to dictate the proceedings during council meetings, though subject to the order rules, common law and constitutional prescripts. The Speaker is accountable to and reports to the Municipal Council. The Speaker must also ensure compliance with the Code of Conduct.

CHIEF WHIP:
M Plato-Mentoor (DA)
C November (ANC)

Leads the Caucus meetings before Council meetings.

MAYORAL COMMITTEE:
Cllr M Tshaka
Cllr G Carelse
Cllr M Koegelenberg
Cllr P Stanfliet
Cllr K Papier

Portfolio Chair: Technical Services
Portfolio Chair: Corporate Services
Portfolio Chair: Financial Services
Portfolio Chair: Operations Services
Portfolio Chair: Development Services

The Mayoral Committee assist the Executive Mayor, serve him/ her with advice and take decisions with the Executive Mayor in respect of designated powers.
During the 2014/2015 financial year, the Executive Mayoral committee met for 11 Ordinary and 5 Special meetings as against the 11 planned meetings

Chapter 2

2.1.2 COUNCILLOR PROFILE

Below is a table that categorised the councillors within their specific political parties and wards:

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
Alderman C B Punt	Fulltime	Executive Mayor	DA	90%	10%
Councillor C Vosloo	Fulltime	Speaker	DA	100%	0%
Councillor P U Stanfliet	Fulltime	Technical Services	Ward 7 DA	100%	0%
Councillor M Tshaka	Fulltime	Corporate Services	Ward 13 DA	90%	10%
Councillor K Papier	Fulltime	Operational Services	Ward 3 DA	100%	0%
Councillor G Carelse	Fulltime	Development Services	COPE	95%	5%
Councillor N De Wet	Fulltime	Financial Services	Ward 5 DA	100%	0%
Councillor N Pieterse	Part Time	Corporate Services	Ward 9 DA	95%	5%
Councillor M Nongxaza	Part Time	Corporate Services	NICO	95%	5%
Councillor J Nellie	Part Time	Corporate Services	Ward 6 ANC	70%	30%
Councillor F Mankayi	Part Time	Corporate Services	ANC	65%	35%
Councillor M Koegelenberg	Part Time	Financial Services	Ward 4 DA	100%	0%
Councillor L Mathomela	Part Time	Financial Services	Ward 11DA	70%	30%
Councillor M Appel	Part Time	Financial Services	ANC		
Councillor J Hendricks	Part Time	Financial Services	ANC	85%	15%
Councillor M Plato	Part Time	Development Services	Ward 10 DA	95%	5%
Councillor I Sileku	Part Time	Development Services	DA	100%	0%
Councillor P de Wet	Part Time	Development Services	ANC	60%	40%
Councillor U Sipunzi	Part Time	Development Services	Ward 12 ANC	90%	5%
Councillor K Tiemie	Part Time	Technical Services	Ward 1 DA	100%	0%
Alderman C November	Part Time	Technical Service	ANC	90%	10%
Councillor C Them bani	Part Tim	Technical Service	Ward 8 ANC	95%	5%
Councillor J Van Niekerk	Part Time	Operational Services	NNP	60%	40%
Councillor M Hector	Part Time	Operational Services	Ward 2 DA	95%	5%
Councillor A Cupido	Part Time	Operational Service	ANC	100%	0%

2.1.3 POLITICAL DECISION-TAKING

Political decisions taken in 2014/15 Financial Year are as follows:

ORDINARY COUNCIL MEETINGS	SPECIAL COUNCIL MEETINGS	COMMITTEE MEETINGS
1240	29	5

The status of outstanding resolutions is reported quarterly to council.

Chapter 2

2.2 ADMINISTRATIVE GOVERNANCE

2.2.1 INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

MFMA section 60 (b): The Municipal Manager of a municipality is the accounting officer of the municipality for the purposes of this Act and must provide guidance on compliance with this Act to political structures; political office bearers, and officials of the municipality and any entity under the sole or shared control of the municipality.

The Municipal Manager is the head of the administration, and primarily has to serve as chief custodian of service delivery and implementation of political priorities. He is assisted by his direct reports, which constitutes the Management Team.

A key priority of the Management Team has been to establish a solid leadership core within the organisation which permeates through to middle and supervisory management levels. The Management Team Structure is outlined in the table below:

Name of Official	Department	Performance agreement signed
		(Yes/No)
Horace Wallace	Municipal Manager	Yes
Joseph Isaacs	Director Corporate Services	Yes
Davy Louw	Director Finance	Yes
Monwabisi Gxoyiya	Director Development	Yes
Jan Barnard	Director Operations	Yes
Conrad van Heerden	Director Technical Services	Yes

Chapter 2

COMPONENT B: INTERGOVERNMENTAL RELATIONS

MSA section 3 requires that municipalities exercise their executive and legislative authority within the constitutional system of co-operative governance envisage in the Constitution section 41.

2.3 ADMINISTRATIVE GOVERNANCE

Intergovernmental structures give effect and concrete expression to inter departmental communication. The municipality participates with the following structures that deal with transversal matters:

	IGR STRUCTURE	TYPE OF PARTICIPATION AND BENEFITS DERIVED
NATIONAL	Local Government ICT (LGICT) Network (Please note that this is mainly an “open online forum”, although there are special meetings, workshops and events being scheduled across the country)	The LGICT Network is a service hosted by SALGA that provides: <ul style="list-style-type: none"> a real-time platform for information exchange, networking and collaboration for ICT Managers in local government. a platform where ICT Managers in local government rate service providers and report about service, satisfaction and quality in order to separate the “husks from the grain”.
	IDP Managers Forum	Reflect on IDP Indaba processes Reflect on the impact of the IDP Analysis process; Discuss processes and methodologies that should guide the annual IDP review; Serve as a platform where key planning information is shared, good planning practices and successfully implemented programmes are celebrated, and where gaps are identified.
PROVINCIAL	Records Managers Forum	Discuss processes and methodologies that should guide the records management in Theewaterskloof Municipality in terms of the National Archives Act; Serve as a platform where key planning information is shared, good planning practices and successfully implemented programmes are celebrated, and where gaps are identified in the records management processes. Discuss problems identified in municipalities in respect of records management and received inputs from other municipalities or governmental bodies how to address these problems.
	SALGA Provincial HR Development Working Group	<ul style="list-style-type: none"> A platform for Councilors within the Province to give input into collective bargaining as well as policy issues. This forum also receives feedback from National and Provincial Bargaining Forums. It is also a platform for information sharing and to discuss issues of mutual interest;
	HR Practitioners Forum	<ul style="list-style-type: none"> A forum used to draft policy, give input into various topics such as legislation, agreements etc. This forum also serves as a platform for HR managers to network and share best practice Receive feedback from SALGA in respect of negotiations etc.
	Chief Audit Executive Forum	Discuss methodologies, standards, challenges and serves as an information sharing platform.
	Western Cape Local Government ICT Managers Forum	<ul style="list-style-type: none"> To create a platform for ICT Managers to discuss ICT- specific issues To create a space for information sharing, knowledge exchange and inter-provincial cross pollination To manage, co-ordinate and support the implementation of ICT initiatives, ICT-related activities in order to strengthen support and avoid duplication To obtain inputs and comments on national- and provincial processes and initiatives that have an impact on ICT's, and To achieve standardization for benchmarking and reporting purposes on critical activities.

Chapter 2

DISTRICT INTERGOVERNMENTAL STRUCTURES	District IDP Managers Forum	<ul style="list-style-type: none"> • A platform for IDP Managers in the Overberg District to discuss IDP-specific matters; • A platform for information sharing, knowledge exchange and inter-District cross pollination; • co-ordinate the implementation of IDP initiatives and activities; • standardization of IDPs in the District; and • To identify areas of co-operation in terms of common challenges and development issues amongst the Local Municipalities in the District, and between the Local Municipalities and the District Municipality
	IDP Rep/PPCOM Forum	<ul style="list-style-type: none"> • A platform for IDP Managers, Public Participation officials, Municipal Communicators and Sector Department officials • Share experiences • Joint Planning
	Overberg ICT (OICT) Managers Forum	<ul style="list-style-type: none"> • A platform for ICT Managers in the Overberg District to discuss ICT-specific matters; • A platform for information sharing, knowledge exchange and inter-District cross pollination; • standardization of ICT infrastructure in the district; and • To identify areas of shared-services
	District IDP Managers Forum	<ul style="list-style-type: none"> • A platform for IDP Managers in the Overberg District to discuss IDP-specific matters; • A platform for information sharing, knowledge exchange and inter-District cross pollination; • co-ordinate the implementation of IDP initiatives and activities; • standardization of IDPs in the District; and • To identify areas of co-operation in terms of common challenges and development issues amongst the Local Municipalities in the District, and between the Local Municipalities and the District Municipality
	IDP Rep/PPCOM Forum	<ul style="list-style-type: none"> • A platform for IDP Managers, Public Participation officials, Municipal Communicators and Sector Department officials • Share experiences • Joint Planning
	Overberg ICT (OICT) Managers Forum	<ul style="list-style-type: none"> • A platform for ICT Managers in the Overberg District to discuss ICT-specific matters; • A platform for information sharing, knowledge exchange and inter-District cross pollination; • standardization of ICT infrastructure in the district; and • To identify areas of shared-services

Chapter 2

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

MSA section 17 (2): requires a municipality to establish and organise its administration to facilitate a culture of accountability amongst its staff. Section 16 (1): states that a municipality must develop a system of municipal governance that compliments formal representative governance with a system of participatory governance. Section 18 (a) - (d): requires a municipality to supply its community with information concerning municipal governance, management and development.

Theewaterskloof Municipality is committed to the following principles:

- Inclusivity
- Diversity
- Building community participation
- Transparency
- Integration
- Flexibility
- Accessibility
- Accountability

Council established ward committees as the official liaison mechanism on all matters within the community.

Ward Councillors together with their ward committee members report back to their constituencies on a quarterly basis. In addition, a Policy framework for Public Participation was developed. The Service Delivery Budget Implementation Plan (SDBIP) is made public and published on the municipal website. This contains projected financial and service delivery indicators and deliverables. Members of the public are also invited to participate in the oversight process related to the Annual report. In the promotion of public accountability and participation, members of the public are invited to attend all meetings of the Council and its committees.

Another mechanism of Public participation is conducted through Budget and IDP public meetings. These meetings were held prior to developing the draft budget in order to identify the needs of the community in order to provide input for the new financial year. A second round of public meetings is normally held once the draft budget is developed in order to inform the public of key elements in the proposed budget.

The purpose of the Ward Committee structure is to assist Ward Councilors with organizing, consulting, spreading of information to encourage participation from the residents within the Wards.

The Ward Committee:

- is an advisory Body.
- is a representative structure.
- is independent; and
- must be impartial and perform its functions without fear, favor or prejudice.

There are 13 Wards within the Theewaterskloof Municipal area.

Chapter 2

2.4 PUBLIC MEETINGS

Theewaterskloof Municipality engagements in different methodologies to ensure adequate public participation, which include:

- Tradition public meetings with wards committees, Town advisory forums, Service level agreement advisory forum (SLAAF), stakeholder groupings etc.
- Surveys (baseline assessments)
- Monthly news letters

Such participation is required in terms of:

- The preparation, implementation and review of the IDP and budget;
- Establishment, implementation and review of the performance management system;
- Monitoring and reviewing of the performance which include the outcome and impact of such performance; and
- Setting of service level standards
- Information sharing which relates to capital projects implementation

Theewaterskloof Municipality utilises its ward committees and Town Advisory forums as the primary consultative structure and access points to ensure public participation and accountability.

2.4.1 WARD COMMITTEES

The ward committee is in the main a service delivery management mechanism. This body guides the Town Manager in terms of local service delivery needs, priorities, standards and also acts as the representative monitoring body through which the local community can monitor service delivery implementation, progress and general performance. The successful functioning of the Town Management model is to a large extent reliant on the successful functioning of the Ward Committee system.

The Local Government: Municipal Structures Act, 1998 provides for the establishment of ward committees.

2.4.2 FUNCTIONALITY OF WARD COMMITTEES

The primary function of a ward committee is:

- To assist the ward councilor in understanding the needs and the views of the community;
- To be a formal communication channel between the community and the municipal council;
- To raise issues of concern about the local ward to the ward councilor and;
- To make sure ward residents have a say in decisions, planning and projects that the council or municipality undertakes which have an impact on the ward.

A ward committee should consist of up to ten members who serve as volunteers and may represent a certain sector. Examples of such sectors are:

- women's groups or;
- ratepayers associations;
- geographic areas
- Community within the ward.

Chapter 2

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
Ward 1	K Tiemie (Ward Councillor)	Yes	Seven (7)		Two (2)
	C Botha				
	M Kroukamp				
	V Fisher				
	A Mouton				
	W Pretorius				
	E Fillies				
	J Sebonka				
	J de Jager				
	A Prins				
Ward 2	M Hector (Ward Councillor)	Yes	Eight (8)		Two (2)
	B Coetzee				
	C Smith				
	G Juries				
	J Coert				
	A Magerman				
	C Windvogel				
	C Myburgh				
	J Kroukamp				
	C Barthus				
	M Reid				
Ward 3	K Papier (Ward Councillor)	Yes	Six (6)		Two (2)
	C van Wyk				
	G Simons				
	S Swarts				
	K Hoffman				
	E van der Ventel				
	A de Bruin				
	N Jende				
	R Carelse				
	M Pietersen				
Ward 4	M Koegelenberg (Ward Cllr)	Yes	Five (5)		Two (2)
	G Visser				
	JP de Witt				
	A Rossouw				
	J Norval				
	V Watton				
	M Wessels				
	S Young				
	J Hauman				
	E Labuschagne				

Chapter 2

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
Ward 5	C Lamprecht (Ward Cllr)	Yes	Eight (8)	-	Two (2)
	D Fyfer				
	A Louw				
	H Schoeman				
	C Nel				
	B Davids				
	I Botha				
	C Balie				
	N Japhta				
	J Jansen				
	C Young				
Ward 6	J Nellie (Ward Councillor)	Yes	Eight (8)	-	Two (2)
	S Ntantiso				
	J Jantjies				
	H Schoeman				
	C Balie				
	J Lakey				
	V Hendricks				
	R Pietersen				
	R Brinkhuys				
	J McKenzie				
	T van Rooyen				
Ward 7	P Stanfliet (Ward Cllr)	Yes	Six (6)	-	Two (2)
	J Swanepoel				
	I Andries				
	G Visagie				
	N Greeff				
	R Jacobs				
	N Kaptein				
	I Swartz				
	Q Williams				
	E Herman				
Ward 8	C Thembani (Ward Cllr)	Yes	Seven (7)	-	Two (2)
	M Jiba				
	E Gertze				
	A Plaatjies				
	M Mosolo				
	T Tsetse				
	P Louw				
	T Kanetsi				
	E Mars				
	A Mentile				
	J Stena				

Chapter 2

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
Ward 9	N Pietersen (Ward Cllr)	Yes	Eight (8)	-	Two (2)
	D Jooste				
	J Gerbers				
	I Kortje				
	G Julies				
	J Titus				
	M Koelman				
	N Fortuin				
	N Goniwe				
	L Jacobs				
	H Schoeman				
Ward 10	M Plato-Mentoor (Ward Cllr)	Yes	Six (6)	-	Two (2)
	P Aploon				
	J Rawboue-Viljoen				
	R Damons				
	W Williams				
	R Fisher				
	J De Bruin				
	JC van der Merwe				
	R Mathews				
	C Januarie				
Ward 11	L Matomela (Ward Cllr)	Yes	Seven (7)	-	Two (2)
	R Johnson				
	J Fortuin				
	K Thezaphi				
	Q Bosman				
	A Theron				
	P Kwaza				
	Z Fentele				
Ward 12	U Sipunzi (Ward Cllr)	Yes	Seven (7)	-	Two (2)
	M Wani				
	A Inyinbor				
	C Absalom				
	L Madizeni				
	S Daniels				
	A Hoorn				
	W Nomxhanya				
	M Mabentisela				
	H Syster				

Chapter 2

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
Ward 13	M Tshaka (Ward Cllr)	Yes	Seven (7)	-	Two (2)
	L Vosloo				
	A Kortje				
	S Baba				
	M le Roux				
	H Waterboer				
	M Bhangaza				
	J Fourie				
	S Maziza				
	N Swanepoel				

2.4.3 PUBLIC MEETINGS

Public Meetings					
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Dates and manner of feedback given to community
Ward Councillor Report Back Meetings	4 - 19 August 2014	All Ward Councillors	Town Managers and relevant corporate officials		Power point presentations on what we've done for the quarter and what is planned for the next quarter. Also issues relevant to the community
Amendments of By-laws	14 July - 22 July 2014	All Councillors	The Operations department		
IDP Public Meetings	13 - 30 October 2014	All Ward Councillors and EMC Members	Town Managers and relevant corporate officials		Getting IDP input from the Community members
Service Level Agreement Advisory Forum Meetings	13 - 23 December 2014	All Ward Councillors and PR Councillors	Town Managers		Town Managers report back on the standard of their services and SLAAF Members rate their services
Ward Councillor Report Back Meetings	24 Feb - 5 March 2015	All Ward Councillors	Town Managers and relevant corporate officials		

Public Meetings

Chapter 2

Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Dates and manner of feedback given to community
Service Level Agreement Advisory Forum Meetings	19 - 29 January 2015	All Ward Councillors and PR Councillors	Town Managers		Town Managers report back on the standard of their services and SLAAF Members rate their services
Draft IDP Budget Public Meetings	7 - 22 April 2015	All Ward Councillors and EMC Members	Town Managers and relevant corporate officials		To table the draft IDP Budget to the community to get their input

T2.4.3

2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
* Section 26 Municipal Systems Act 2000	T 2.5.1

Chapter 2

COMPONENT D: CORPORATE GOVERNANCE

Corporate governance is the set of processes, practices, policies, laws and stakeholders affecting the way an institution is directed, administered or controlled. Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the institution is governed.

2.6 RISK MANAGEMENT

Note: MFMA section 62 (i) (c) requires a municipality to have and maintain an effective, efficient and transparent system of risk management.

The Council has committed the Theewaterskloof Municipality to a process of risk management that is aligned to the principles of good corporate governance, as supported by the Municipal Finance Management Act (MFMA), Act no 56 of 2003 and other legislation applicable to local government.

Structured Risk Management is recognized as an integral part of responsible management and the Municipality therefore adopts a comprehensive approach to the management of risk. The features of this process are outlined in the Municipality's Risk Management Strategy. It is expected that all departments / sections, operations and processes will be subject to the risk management strategy. It is the intention that these departments / sections will work together in a consistent and integrated manner, with the overall objective of reducing and avoiding risk, as far as reasonably practical. Effective risk management is imperative to the Municipality to fulfil its mandate, the service delivery expectations of the public and the performance expectations within the Municipality

The responsibility to ensure effective management of risk in the Theewaterskloof Municipality rests with all employees. Our commitment to risk management is an expression of our commitment to the Batho Pele principles.

The Municipality's risk appetite is set at 12, which means that all risks with a rating of 12 and higher requires a Treatment and Action Plan. The top four (4) strategic risks and top two operational risks of the Municipality are indicated in the table below:

Top Strategic Risk

Risk Description	Mitigation Guidance	Controlled Risk Rating
Influx of Unemployed, unskilled and Homeless people	The uncontrolled influx of unemployed and unskilled indigent people into our area and which is already one of the poorest in the western cape The influx and high % of the unemployed and unskilled indigent people population and who are not just adding pressure on our service delivery institutional capacity but who are also unable to contribute significantly towards the revenue base of the TWK	16
Cost of Regulation and Compliance Requirements	Through SALGA Exercising pressure to review standards in accordance with realities Ensure minimum compliance and creating dedicated capacity which will cause minimum disruption of core business activities Project manage in order to Ensure that we act pro- actively, avoid crisis situations and reduce effort to the minimum	16

Chapter 2

Backlog in Infrastructure	<p>Narrow revenue base</p> <p>Large indigent population</p> <p>Inability to implement long term plans i.r.o. backlogs and the improvement of financial viability and which has since been developed</p> <p>Low economic growth</p> <p>Align financial viability, LED and Infra structure development strategies and priorities</p>	20
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Top Operational Risk

Risk Description	Mitigation Guidance	Controlled Risk Rating
Slow or No Recovery of Potential Revenue	Debt collection & Credit control plays a significant role in this risk. Whenever a debtor moves past the 30day margin services should be stopped until the account is settled in full. Also where arrangements are not met the same route should be followed. This has a negative influence on the cash flow of the municipality.	12
Lack of Accurate Data/ (Accuracy of Bill)	Unreliability of quality and quantity of data is impacting on the ability of the municipality to bill accurately and recover full cost and all revenue owed to it. Re engineer process and detailed verification of data and sources of data and instituting mechanisms that will ensure that data is effectively and efficiently maintained	12
Influx of unemployment, unskilled and homeless people	<p>Establishing more permanent work through LED</p> <p>Finding joint solutions and involving the agricultural sector and local labour which will reduce the need for the recruitment of seasonal workers from elsewhere</p> <p>Skills improvement programs</p> <p>Launch SMME promotion initiative</p> <p>Find solutions to the successful integration of incoming indigent people into existing communities and establishing a greater sense of belonging, joint ownership for local values and principles</p>	20

2.7 ANTI-CORRUPTION AND FRAUD

Section 83(c) of the MSA refers to the implementation of effective bidding structures to minimize the possibility of fraud and corruption and the MFMA, section 112(1) (m)(i) identify supply chain measures to be enforced to combat fraud and corruption, favoritism as well as unfair and irregular practices. Section 115(1) of the MFMA states that the accounting officer must take steps to ensure mechanisms and separation of duties in a supply chain management system to minimize the likelihood of corruption and fraud.

Theewaterskloof Municipalities **Anti-Corruption Policy** was **adopted** by council in **November 2008** and **reviewed on 19 March 2015**.

One of the main purposes of an Anti-Corruption policy is to ensure that the Municipality is in compliance with the Municipal Systems Act, Act No. 32 of 2000 which requires the Municipality, amongst other things to develop and adopt appropriate systems and procedures that contribute to effective and efficient management of the municipality and its resources.

2.8 AUDIT COMMITTEE

Section 166(2) of the MFMA states that an audit committee is an independent advisory body which must advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality, on matters relating to –

Chapter 2

- internal financial control;
- risk management;
- performance management; and
- Effective governance.

The Audit Committee have the following main functions as prescribed in section 166 (2) (a-e) of the Municipal Finance Management Act, 2003, Local Government Municipal and Performance Management Regulation, 2001 and the office of the Auditor-General:

- To advise the Council on all matters related to compliance and effective governance;
- To review the annual financial statements to provide Council with an authoritative and credible view of the financial position of the municipality, its efficiency and its overall level of compliance with the MFMA, the annual DORA and other applicable legislation;
- Respond to the council on any issues raised by the Auditor-General in the audit report;
- To review the quarterly reports submitted to it by the internal audit;
- To evaluate audit reports pertaining to financial, administrative and technical systems;
- The compilation of reports to Council, at least twice during a financial year;
- To review the performance management system and make recommendations in this regard to Council;
- To identify major risks to which Council is exposed and determine the extent to which risks have been minimized;
- To review the annual report of the municipality;
- Review the plans of the Internal Audit function and in so doing; ensure that the plan addresses the high-risk areas and ensure that adequate resources are available.
- Provide support to the Internal Audit function.
- Ensure that no restrictions or limitations are placed on the Internal Audit section

The municipality's Audit Committee Recommendations for 2014/15 financial year are as follows:

Municipal Audit Committee Recommendations

Date of Committee	Committee recommendations during Year 1	Recommendations adopted (enter Yes) If not adopted (provide explanation)
28-Aug-14	Draft Financial Statements for the Year ended 30 June 2014	Yes
29-Aug-14	Audit Work Completed and Planned	Yes
29-Aug-14	Supply Chain Management 4th Quarter 2013/2014	Yes
29-Aug-14	Strategic Risks Audit	Yes
29-Aug-14	Credit Control and Debt Collection Audit	Yes
29-Aug-14	Solid Waste Audit	Yes
29-Aug-14	Municipal Systems Act & Municipal Structures Act Compliance Audit	Yes
29-Aug-14	Inventory Audit	Yes
29-Aug-14	Allowances Audit	Yes
29-Aug-14	Cost of Compliance Audit	Yes
29-Aug-14	Internal Audit Follow-up Reports	Yes
29-Aug-14	Revised Annual Risk Based Internal Audit Plan 2014/2015	Yes
29-Aug-14	Internal Audit Charter	Yes
29-Aug-14	Review of Risk Management Committee Charter	Yes
29-Aug-14	Review of Risk Management Policy	Yes
29-Aug-14	Review of Risk Management Process Plan	Yes
29-Aug-14	Review of Risk Management Strategy	Yes
29-Aug-14	Minutes of the Risk Management Committee	Yes

Chapter 2

Municipal Audit Committee Recommendations

Date of Committee	Committee recommendations during 2014/15	Recommendations adopted (enter Yes) If not adopted (provide explanation)
29-Aug-14	Minutes of the Section 32(2)(b) of the MFMA Committee	Yes
29-Aug-14	2013/2014 Performance Assessment	Yes
29-Aug-14	Financial Services SOP Excel Documents	Yes
29-Aug-14	Technical Services: Improving Controls Regarding the Purchase of Fuel	Yes
29-Aug-14	Financial Services: Lease vs Purchase of Dozer	Yes
26-Sep-14	Auditor General's Strategic Plan - 2013/2014 Audit	Yes
5-Dec-14	Audit Work Completed and Planned	Yes
5-Dec-14	MFMA Compliance Audit	Yes
5-Dec-14	Solid Waste First Quarter Audit	Yes
5-Dec-14	Inventory First Quarter Audit	Yes
5-Dec-14	Internal Audit Follow-up Reports	Yes
5-Dec-14	2014/2015 First Quarter Performance Assessment	Yes
5-Dec-14	Out dated Bylaws	Yes
5-Dec-14	Quarterly Budget Statement for the First Quarter Ending 30 September 2014	Yes
20-Jan-15	Audit Work Planned	Yes
20-Jan-15	2013/2014 Annual Report	Yes
6-Mar-15	Audit Work Completed and Planned	Yes
6-Mar-15	Inventory Second Quarter Audit	Yes
6-Mar-15	Backlog in Infrastructure Audit	Yes
6-Mar-15	Solid Waste Second Quarter Audit	Yes
6-Mar-15	Supply Chain Management 1st Quarter 2014/2015	Yes
6-Mar-15	Maintenance on Proclaimed Roads	Yes
6-Mar-15	Internal Audit Follow-up Reports	Yes
6-Mar-15	Auditor General Report Follow-Up	Yes
6-Mar-15	2014/2015 Mid-Year Performance Assessment	Yes
6-Mar-15	Internal Audit Charter	Yes
6-Mar-15	Internal Audit Budget 2015/2016	Yes
6-Mar-15	Anti-Corruption Strategy Revised 2014	Yes
6-Mar-15	Quarterly Budget Statement for the Second Quarter Ending 31 December 2014	Yes
6-Mar-15	Financial Statements 31 December 2014	Yes
6-Mar-15	Minutes of the Risk Management Committee	Yes
6-Mar-15	Status of ICT Governance and Risk in TWK	Yes
6-Mar-15	Villiersdorp Housing Tender DEV03/2010/2011	Yes
5-Jun-15	Audit Work Completed and Planned	Yes
5-Jun-15	Inventory Third Quarter Audit	Yes
5-Jun-15	Solid Waste Third Quarter Audit	Yes
5-Jun-15	Supply Chain Management 2nd Quarter Audit	Yes
5-Jun-15	Supply Chain Management 3rd Quarter Audit	Yes
5-Jun-15	Disaster Management Audit	Yes
5-Jun-15	Influx of unemployed, unskilled, homeless people audit	Yes

Chapter 2

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during 2014/15	Recommendations adopted (enter Yes) If not adopted (provide explanation)
5-Jun-15	Internal Audit Follow-up Reports	Yes
5-Jun-15	2014/2015 Third Quarter Performance Assessment	Yes
5-Jun-15	Performance and Audit Committee Evaluation	Yes
5-Jun-15	Internal Audit Evaluation	Yes
5-Jun-15	Meeting Schedule	Yes
5-Jun-15	Annual Risk Based Internal Audit Plan 2015/2016	No, the first quarter's plan was adopted. The plan should be reviewed that less time be spent on Cash and Stock Counts and more time on Risk Based Audit and that stock counts be reduces to 2 times a year
5-Jun-15	INCA Report	Yes
5-Jun-15	Quarterly Budget Statement for the third quarter statement ending 31 March 2015	Yes
5-Jun-15	Minutes of the Risk Management Committee	Yes
5-Jun-15	ICT Policy	Yes
5-Jun-15	Shared Services	Yes

2.8.1 PERFORMANCE AND AUDIT COMMITTEE REPORT

Speaker, Mr. Mayor, The Honourable Alderman Punt, Members of Council, The Municipal Manager, Directors, Ladies and Gentleman, it is my duty to deliver the annual report of the Performance Audit and Audit Committee to Council for the financial year ending 30 June 2015.

Performance- and Audit Committee

As a statutory, independent committee its duties and responsibilities are clearly articulated in the Municipal Finance Management Act, Act 56 of 2003 and the Audit Committee Charter as approved by Council.

The Performance Audit and Audit Committee consisted of four (4) independent members who are all appropriately qualified, who are financially literate and who are acquainted with the Risk Management discipline.

The committee has held 7 (seven) meetings during the financial year under review. These meetings were well attended by Committee Members, the Municipal Manager, Directors, Members of the Audit Team and Representatives from the Auditor-General's Office, Chairperson of the Finance Portfolio Committee and two Councillors nominated by Council to attend the meetings.

The committee went on a field trip on 15 May 2015 and visited the following capital projects and sites:

1. Villiersdorp Sport Grounds
2. Villiersdorp Waste Water Treatment Plant
3. Karwyderskraal
4. Bergsig Mini Sport Club House

Chapter 2

5. Caledon Sewerage Plant

DATES OF PERFORMANCE AUDIT AND AUDIT COMMITTEE MEETINGS:

28 August 2014
29 August 2014
26 September 2014
05 December 2014
20 January 2015
06 March 2015
05 June 2015

Name of Member	Number of Meetings Attended
GN Lawrence (Chairperson)	7
A Pienaar	7
BH van Staaden	7
DWJ Jacobs	7

The Performance Audit and Audit Committee conducted self-assessments during March 2015 in order to measure its performance. Input from Management was part of the assessment process. The results of the performance was reviewed and discussed at the Performance Audit and Audit Committee Meeting of 5 June 2015.

The Effectiveness of Internal Control

We have reviewed the reports of the Internal Auditors. Other than the matters highlighted below, no material deficiencies in the system of internal control were noted.

During the year key control deficiencies were noted by Internal Audit in the following areas:

- Distribution Losses
- Slow or No Recovery of Potential Revenue
- Supply Chain Management
- Inventory
- Solid Waste
- Backlog in Infrastructure

Corrective actions have been agreed by management and are being monitored by the Performance Audit and Audit Committee.

Risk Management

The Performance Audit and Audit Committee is well informed and satisfied with reports regarding the Status of Risk Management in TWK.

The revision of the identified risks was done during March 2015.

The Risk Management Implementation Strategy along with the Risk Management Policy serves as induction documentation for new employees. Constant interaction with Departments in terms of risk contributes towards risk awareness.

The IDP plays a fundamental role in this regard and should be reflected in the Annual Risk Assessments.

Chapter 2

Performance Evaluations of Section 57 Appointments

The Chairperson of the Performance Audit and Audit Committee attend the annual performance evaluations of the Section 57 appointments and was satisfied with the course of the event.

Evaluation of Financial Statements

The Audit Committee has:

- reviewed and discussed the draft Annual Financial Statements to be included in the Annual Report, with the CFO and the Accounting Officer;
- reviewed the processes for compliance with legal and regulatory provisions;
- reviewed the information on predetermined objectives as reported in the annual report;

Internal Audit

In terms of the IIA (Institute of Internal Auditors) standards, the Internal Audit unit must undergo an internal quality assessment. In March 2015 the Performance Audit and Audit Committee and the Management Team evaluated the Internal Audit Unit.

In general the Performance Audit and Audit Committee is satisfied with the performance of the Internal Audit Unit.

In line with the MFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and Management with reasonable assurance that the internal controls are adequate and effective. This is achieved by a risk based Internal Audit plan, internal audit assessing the adequacy of controls mitigating the risks and the audit committee monitoring implementation of corrective actions.

The Internal Audit Unit conducted 27 investigations during the year under review.

56 Findings were made of which 18 were regarded as significant (serious)

The remaining 38 findings were regarded as housekeeping i.e. minor transgressions which could easily be rectified.

The following internal audit work was planned and completed during the year under review:

- Supply Chain Management 4th Quarter 2013/2014
- MFMA Compliance
- Allowances Audit
- Low or No Productivity
- Cost of Compliance
- Solid Waste 1st Quarter 2014/2015
- Supply Chain Management 1st Quarter 2014/2015
- Inventory Audit 1st Quarter 2014/2015
- Backlog in Infrastructure
- Disaster Management
- Solid Waste 2nd Quarter 2014/2015
- Lack of Accurate Date
- Inventory Audit 2nd Quarter 2014/2015
- Supply Chain Management 2nd Quarter 2014/2015
- Performance Management Review
- Distribution Losses
- Solid Waste 3rd Quarter 2014/2015

Chapter 2

- Inventory Audit 3rd Quarter 2014/2015
- Influx of People
- Supply Chain Management 3rd Quarter 2014/2015
- Municipal Systems Act Compliance
- Solid Waste 4th Quarter 2014/2015
- Inventory Audit 4th Quart 2014/2015
- Slow or No Recovery of Potential Revenue
- Maintenance on Proclaimed Roads
- Funding Received for Grabouw Potholes
- Funding for Provision of Link Services to Riemvasmaak

Appreciation

The Audit Committee wishes to express its appreciation to the Management of the Municipality and the Internal Audit Unit for the co-operation and information they have provided to enable us to compile this report.

Mr. GN Lawrence

Chairperson of the Performance- and Audit Committee

November 2015

2.9 SUPPLY CHAIN MANAGEMENT

MFMA section 110 - 119; SCM Regulations 2005; and relevant MFMA circulars set out required processes and guidance manuals to help ensure that SCM arrangements provide appropriate goods and services, offer best value for money and minimize the opportunities for fraud and corruption.

The Local Government: Municipal Finance Management Act, No 56 of 2003, MFMA) requires the municipality to have and implement a Supply Chain Management Policy (SCM Policy) which gives effect to the provisions of Part 1 of Chapter 11 of the Act that deals with 'Supply Chain Management'.

The accounting officer submits a report on the implementation of the SCM policy monthly to council.

Council has duly delegated the implementation of the Supply Chain Management Policy to the Accounting Officer who is responsible for taking all reasonable steps to ensure that proper mechanisms and separation of duties in the supply chain management system are in place to minimise the likelihood of fraud, corruption, favouritism and unfair and irregular practices

Supply Chain Management processes

The following thresholds are currently being adhered to in order to support the strategic and operational commitments of the municipality:

- a. Petty cash purchases, up to a transaction of value of R200.00(vat included);
- b. 1(One) written or verbal quotation for procurements of a transaction value up to R2,000.00 (VAT included)

Chapter 2

- c. 3 (Three) written quotations for procurements of transaction value from R2,000.01 up to R30,000.00 (VAT included)
- d. 3 (Three) formal written price quotations for procurements of a transaction value over R30,000.00 up to R200,000.00 (VAT included); and
- e. A Competitive Bidding Process For-
 - i. Procurements above a transaction value of R200,000.00 (VAT included); and
 - ii. The procurement of long term contracts

2.10 BY-LAWS

By-laws Introduced during Year 2014/15

Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
Tariff Bylaw		Yes	08/07/2014	Yes	10/10/2014
Credit Control and Debt Collection Bylaw		Yes	08/07/2014	Yes	07/11/2014
Special Rating Areas Bylaw		Yes	01/05/2014	Yes	25/03/2015
	Bylaw relating to the impoundment of animals	Yes	16/12/2014	Yes	12/05/2015
	Bylaw on liquor trading days and hours	Yes	16/12/2014	Yes	12/05/2015
Air Quality		Yes			
	Cemetery	Yes			
	Parks	Yes			
	Nature Reserves	Yes			
Vliegveld		Yes			
Gemeenskap en brand veiligheid		Yes			
Waste Management		Yes	23-Jan-15	Pending	Pending
	Electrical	Yes	Unknown	Pending	Pending
	Liquor Trading Days and Hours By-Law	Yes	8 July 2014 - 6 August 2014 & 16 December 2014 - 23 January 2015	Yes	12-May-15
By-law on Municipal Land Use Planning		Yes	6 May 2015 - 24 June 2015	Yes	20-Jul-15
Note: See MSA section 13.				T2.9.1	

Chapter 2

2.11 WEBSITES

A municipal website should be an integral part of a municipality's communication infrastructure and strategy. It serves as a tool for community participation, improves stakeholder involvement and facilitates stakeholder monitoring and evaluation of municipal performance. Section 75 of the MFMA requires that the municipalities place key documents and information on their website, including the IDP, the annual budget, adjustments budgets and budget related documents and policies.

Below is a website checklist to indicate the compliance to Section 75 of the MFMA:

Municipal Website : Content and Currency of Material

Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	2014/15 Draft budget - 15/4/2014 2014/15 Annual budget - 12/6/2014 2014/15 Adjustment budget - 13/3/2015
All current budget-related policies	Yes	17-Jun-14
The previous annual report (Year 2013/14)	Yes	20-Mar-15
The annual report (Year 2014/15) published/to be published	Yes	29-Mar-16
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 2014/15) and resulting scorecards	Yes	31-Jul-15
All service delivery agreements (Year 2014/15)	Yes	Monthly as per policy
All long-term borrowing contracts (Year 2014/15)	Yes	Monthly as per policy
All supply chain management contracts above a prescribed value (R 30 000) for Year 2014/15	Yes	Monthly as per policy
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 2014/15	N/A	
Contracts agreed in Year 2014/15 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	N/A	
Public-private partnership agreements referred to in section 120 made in Year 2014/15	N/A	
All quarterly reports tabled in the council in terms of section 52 (d) during Year 2014/15	Yes	Quarter 1 - 17/10/2014 Quarter 2 - 22/01/2015 Quarter 3 - 27/05/2015 Quarter 4 - 23/07/2015

Chapter 3

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

This will provide information on the functional and strategic performance of the municipality and will indicate how well the municipality is meeting its objectives and which policies and processes are working. All government institutions must report on strategic performance to ensure that service delivery is efficient, effective and economical.

The functional performance of the municipality provides comprehensive information on the implementation of the SDBIP and relevant Functional Areas reporting schedules.

The key functions of the Municipality are as follows:

Municipal Functions	
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*
Constitution Schedule 4, Part B functions:	
Air pollution	Yes
Building regulations	Yes
Child care facilities	Yes
Electricity and gas reticulation	Yes
Fire fighting services	No
Local tourism	Yes
Municipal airports	No
Municipal planning	Yes
Municipal health services	No
Municipal public transport	Yes
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Yes
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No
Stormwater management systems in built-up areas	Yes
Trading regulations	Yes
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes
Beaches and amusement facilities	Yes
Billboards and the display of advertisements in public places	Yes
Cemeteries, funeral parlours and crematoria	Yes
Cleansing	Yes
Control of public nuisances	Yes
Control of undertakings that sell liquor to the public	Yes
Facilities for the accommodation, care and burial of animals	Yes
Fencing and fences	Yes
Licensing of dogs	Yes
Licensing and control of undertakings that sell food to the public	Yes
Local amenities	Yes
Local sport facilities	Yes
Markets	Yes

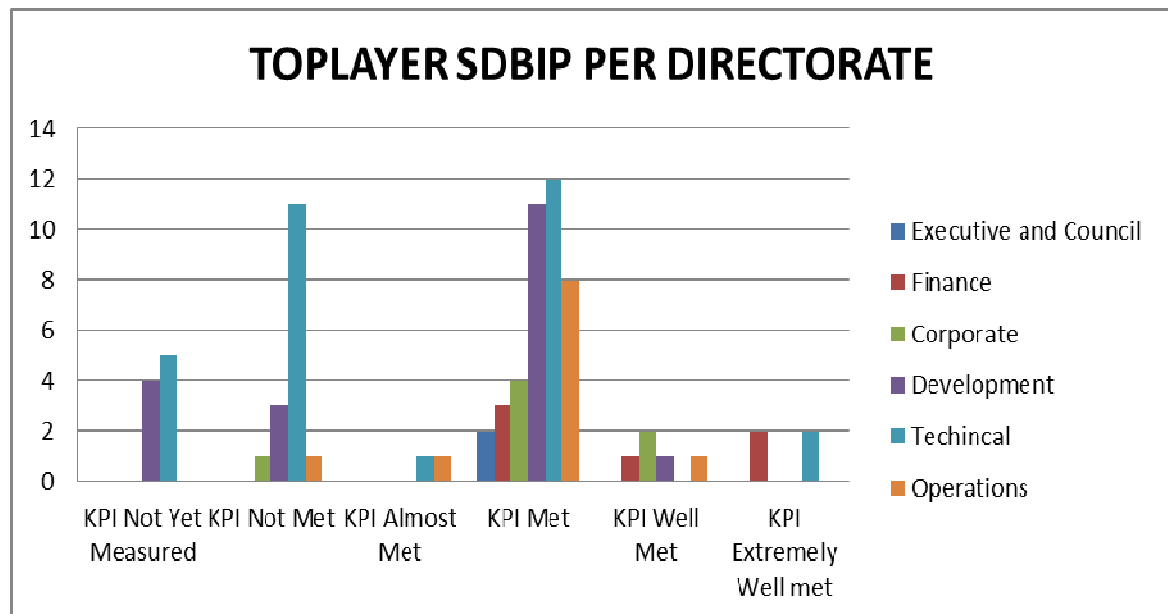
Chapter 3

MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*
Municipal abattoirs	Yes
Municipal parks and recreation	Yes
Municipal roads	Yes
Noise pollution	Yes
Pounds	Yes
Public places	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	Yes
Street lighting	Yes
Traffic and parking	Yes

The purpose of strategic performance reporting is to report specifically on the implementation and achievement of IDP outcomes. This section provides an overview on the strategic achievement of the municipality in terms of the strategic intent and deliverables achieved as stated in the IDP. The Top Layer (strategic) SDBIP is the municipality's strategic plan and shows the strategic alignment between the different documents, (IDP, Budget and Performance Agreements).

The table below depicts the performance achieved against the Top Layer per directorate:

	KPI Not Yet Measured	KPI Not Met	KPI Almost Met	KPI Met	KPI Well Met	KPI Extremely Well Met	Total	% KPI Not Met
Executive and Council	-	-	-	2	-	-	2	0%
Finance	-	-	-	3	1	2	6	0%
Corporate	-	1	-	4	2	-	7	14.28%
Development	4	3	-	11	1	-	19	15.78%
Technical	5	11	1	12	-	2	31	35.48%
Operations	-	1	1	8	1	-	11	9.09%
Total	9	16	2	40	5	4	76	21.05%



Chapter 3

The following table explains the method which the overall assessment and actual performance against targets set for the key performance indicators (KPI's) of the SDBIP are met.

Category	Colour	Explanation
KPI Not Yet Measured		KPI's with no targets or actuals in the selected period
KPI Not Met		0% \geq Actual/Target < 75%
KPI Almost Met		75% \geq Actual/Target < 100%
KPI Met		Actual Target = 100%
KPI Well Met		100% > Actual/Target < 150%
KPI Extremely Well Met		Actual/Target \geq 150%

The final SDBIP differs somewhat to the original SDBIP.

The Top Layer SDBIP and its targets cannot be revised without notifying the council therefore all changes made in service delivery targets and performance indicators must be done with the approval of the council, following approval of an adjustments budget.

Council approval is necessary to ensure that the Mayor or Municipal Manager do not revise targets downwards in the event where there is poor performance.

The following elements necessitated the revision of the SDBIP:

The adjustment budget:

The adjustment budget was tabled and adopted by council on 19 February 2015.

Auditor general's recommendation on the 2013/14 Performance Audit.

The revision process was as follows:

One on one sessions were held with all the directors and their heads of departments were KPIs to ensure consistency with planned objectives, indicators, targets and also to ensure that the KPI's and targets set are based on the SMART principles.

Chapter 3

E AND COUNCIL

Pre-determined Objectives	Strategic Objective	Municipal KPA	KPI	Unit of Measurement	Baseline	Annual Target	Revised Target	KPI Calculation Type	Year-To-Date		
									Target	Actual	R
Improved Communication and Community Involvement	Good Governance and Improve the auditing status of the Municipality	Good Governance	Develop a Customer Care Strategy (include roll-out plan)	Strategy adopted by council	New	1	1	Stand-Alone	1	1	G
Improved Communication and Community Involvement	Good Governance and Improve the auditing status of the Municipality	Good Governance	Review of Communication Strategy	Reviewed Strategy adopted by council	1	1	1	Carry Over	1	1	G

ATE FINANCE

Pre-determined Objectives	Strategic Objective	Municipal KPA	KPI	Unit of Measurement	Baseline	Annual Target	Revised Target	Year-To-Date			
								Target	Actual	R	Dep
Work towards obtaining a clean audit	Improved Sustainable Financial Management of the Theewaterskloof Municipality and Execute Legislative requirements	Financial Viability	Compile Plan to address AG audit findings annually	Plan Completed	1	1	1	1	1	G	Targ
Work towards obtaining a clean audit	Improved Sustainable Financial Management of the Theewaterskloof Municipality and Execute Legislative requirements	Financial Viability	Submit bi-annual financial statements to Audit Committee	Number of Statements submitted	1	2	2	2	2	G	Targ
Work towards obtaining a clean audit	Improved Sustainable Financial Management of the	Financial Viability	Achieve a payment percentage of 95% by the end of 2017	Payment%	86	90%	90%	90%	90%	G	Targ

Chapter 3

Pre-determined Objectives	Strategic Objective	Municipal KPA	KPI	Unit of Measurement	Baseline	Annual Target	Revised Target	Year-To-Date			
								Target	Actual	R	Dep Cor
Work towards obtaining a clean audit	Improved Sustainable Financial Management of the Theewaterskloof Municipality and Execute Legislative requirements	Financial Viability	Financial viability measured in terms of the outstanding service debtors (Total outstanding service debtors/ revenue received for services) The eventual target for this ratio is 30%.	Ratio achieved	50	54%	54%	54%	51.2%	B	Targ Ach calcu deb perc for : Out R11 Rev
Work towards obtaining a clean audit	Improved Sustainable Financial Management of the Theewaterskloof Municipality and Execute Legislative requirements	Financial Viability	Financial viability measured in terms of the available cash to cover fixed operating expenditure ((Available cash+ investments)/ Monthly fixed operating expenditure) The eventual target for this ratio is three times.	Ratio achieved	1	1	1	1	1.8	B	Targ Ach
Work towards obtaining a clean audit	Improved Sustainable Financial Management of the Theewaterskloof Municipality and Execute Legislative requirements	Financial Viability	Financial viability measured in terms of the municipality's ability to meet its service debt obligations ((Total operating revenue- operating grants received)/debt service payments due within the year) (%) The eventual target for this ratio is 12.	Ratio achieved	11	11	11	11	15	G2	Targ

Chapter 3

STATE CORPORATE

Pre-determined Objectives	Strategic Objective	Municipal KPA	KPI	Unit of Measurement	Baseline	Annual Target	Revised Target	Year-To-Date As			
								Target	Actual	R	Dep
Improved IT service and infrastructure	Refine and improve the institutional capacity of the municipality	Institutional Development	Review two identified ICT policies annually and submit drafts to council for approval	Number of policies reviewed and submitted to council	New	2	2	2	0	R	Target n impleme 2 policie this fina
Improved IT service and infrastructure	Refine and improve the institutional capacity of the municipality	Institutional Development	Replace redundant computers	Rand value of approved budget spent	R300 000	R 300,000	R 300,000	R 300,000	R 318,000.61	G2	Target V were de
Implement outcome based training strategies and programmes	Refine and improve the institutional capacity of the municipality	Institutional Development	Implement the workplace skills plan annually	60 % of personnel identified trained	50	60%	60%	60%	69%	G2	Target V employe = 328 T has bee total pe employe trained
Continuous review of policies and delegations and by-laws	Refine and improve the institutional capacity of the municipality	Institutional Development	Review two identified policies annually and submit drafts to council for approval by end June	Number of policies reviewed and submitted to council	New	2	2	2	2	G	Target A has bee approve The Tra Policy w approve March 2 Recruit Policy w Council (SC26/2
Conduct a productivity assessment	Refine and improve the institutional capacity of the municipality	Institutional Development	Project Manage the Organisational Design process as per identified areas	Outcome report presented to management	New	1	1	1	1	G	Target A report r in respo investig SA Busin submitt 03 Octo M226/2
Continuous	Refine and	Institutional	Review and	Updated	New	1	1	1	1	G	Target A

Chapter 3

Pre-determined Objectives	Strategic Objective	Municipal KPA	KPI	Unit of Measurement	Baseline	Annual Target	Revised Target	Year-To-Date As			
								Target	Actual	R	Dep
Continuous review of policies and delegations and by-laws	Refine and improve the institutional capacity of the municipality	Institutional Development	Review and update Council's role and responsibilities annually	Reviewed Council's roles and responsibilities	1	1	1	1	1	G	Target A and resp have be no input have be Council approve Roles ar policies on 25 Ju C62/201 The poli worksho

DATE DEVELOPMENT

Pre-determined Objectives	Strategic Objective	Municipal KPA	KPI	Unit of Measurement	Baseline	Annual Target	Revised Target	Year-To-Date As			
								Target	Actual	R	Departmental
Continuous review of policies and delegations and by-laws	Creating and enabling environment favourable for economic and human development in a sustainable manner	Basic Service Delivery	Approval of Policy for Hotels/Guest Houses and B&B's	Approved Policy	New	1	1	1	0	R	Target not achieved Policy was referred to team established to review legalities and the processes and d Policy in line with
to Day Service Delivery	Creating and enabling environment favourable for economic and human development in a sustainable manner	Basic Service Delivery	Complete Land Audit of commonages	Report to council	New	1	1	1	1	G	Target Achieved tabled and adopted 30th April 2015
vision of economic and social facilities	Creating and enabling environment favourable for economic and human development in a sustainable manner	Basic Service Delivery	Draft a marketing plan for Victoria Hall	Approved plan	New	1	1	1	1	G	Target Achieved plan was presented by Management on the 27th October
quire land for planned integrated Human Elements	To develop integrated and sustainable human settlements that will address the housing demand within the Theewaterskloof area	Basic Service Delivery	Process application to National Public Works to acquire land (2 portions of farm 334) for the extension of the Grabouw cemetery REVISED (KPI to be removed.)	Written agreement with Cape Pine on land use	1	1	0	0	0	N/A	REVISED (KPI to
orous driving and management of projects	Creating and enabling	Basic Service	Implementation of Land	Biannual Report of income	2	2	2	2	1	R	Target not achieved

Chapter 3

Pre-determined Objectives	Strategic Objective	Municipal KPA	KPI	Unit of Measurement	Baseline	Annual Target	Revised Target	Year-To-Date As at 30 September 2015			
								Target	Actual	R	Departmental Comments
Provision of economic and social facilities	Creating and enabling environment favourable for economic and human development in a sustainable manner	Basic Service Delivery	Establishment of TWK Sports Council	Approved Terms of Reference	New	1	1	1	1	G	Target Achieved. TOR was adopted. Settlement Management on Ref: M146/2015
Provision of unbiased allocation of housing opportunities	To develop integrated and sustainable human settlements that will address the housing demand within the Theewaterskloof area	Basic Service Delivery	Approval of Informal Settlement Management policy	Approved Policy	New	1	1	1	1	G	Target Achieved. REF:SC09/2015
Implementation of the Informal Human Settlements Program which includes programs such as IRDP, EPWP & EPHP) & Provision of serviced sites	To develop integrated and sustainable human settlements that will address the housing demand within the Theewaterskloof area	Basic Service Delivery	Report on status of conveyancing implementation plan	Number of reports on status of transfers	New	4	2	2	2	G	Target Achieved. Quarterly Report on 07 October 2014. Dev47/2014. Quarterly Report on March Development Committee. (DR)
Provision of economic and social facilities	Creating and enabling environment favourable for economic and human development in a sustainable manner	Local Economic Development	Coordinate the implementation of TWK community Sports Day (Fund raising)	Number of events	New	1	0	0	0	N/A	Revised/Removed
Provision of economic and social facilities	Creating and enabling environment favourable for economic and human development in a sustainable manner	Local Economic Development	Develop Sports Fund Raising implementation plan (Removed and Replace with another KPI)	Approved plan	New	1	0	0	0	N/A	(Removed and Replace with another KPI)(TL)
Provision of financial management of projects and sustainability steering committee	Creating and enabling environment favourable for economic and human development in a sustainable manner	Basic Service Delivery	Establishment of Land Use Planning Tribunal	Approved Terms of Reference	New	1	1	1	1	G	Target Achieved. Council. REF: SC09/2015
Provision of financial management of projects and sustainability steering committee	Creating and enabling environment favourable for economic and human development in a sustainable manner	Basic Service Delivery	Establishment of Land Use Planning Tribunal	Approved Terms of Reference	New	1	1	1	1	G	Target Achieved. Council. REF: SC09/2015

Chapter 3

Pre-determined Objectives	Strategic Objective	Municipal KPA	KPI	Unit of Measurement	Baseline	Annual Target	Revised Target	Year-To-Date As at 30 June 2015			
								Target	Actual	R	Departmental Comments
Continuous driving and management of projects in the financial sustainability steering committee	Creating and enabling environment favourable for economic and human development in a sustainable manner	Basic Service Delivery	Approval of Land Use Planning by-law inclusive of Integrated Zoning scheme	Approved by-law	1	1	1	1	1	G	Target Achieved Council. REF:SC29/2015
Continuous review of policies and delegations by-laws	Creating and enabling environment favourable for economic and human development in a sustainable manner	Basic Service Delivery	Approval of Events Policy	Approved Policy	New	1	1	1	0	R	Target not Achieved policy was referred to Management due to the Bylaw has to be revised
Continuous review of policies and delegations by-laws	Creating and enabling environment favourable for economic and human development in a sustainable manner	Basic Service Delivery	Review of Liquor by-law	Approved by-law	1	1	1	1	1	G	Target Achieved promulgated in Gazette on 12 May 2015)
Implementation of the Human Settlements program which includes programs such as IRDP, & EPHP) & Provision of serviced sites	To develop integrated and sustainable human settlements that will address the housing demand within the Theewaterskloof area	Basic Service Delivery	Implementation of Housing Pipeline	% of budget spent in line with pipeline	New	100%	100%	100%	87%	R	Target not achieved expenditure was over the R77 300 expenditure
Continuous review of policies and delegations by-laws	Good Governance and Improve the auditing status of the Municipality	Good Governance	Review of PMS Policy	Council Approval	1	1	1	1	1	G	Target Achieved adopted on 17 July 2015 REF:SC29/2015
Continuous review of policies and delegations by-laws	Good Governance and Improve the auditing status of the Municipality	Good Governance	Draft Human Settlements Policy Revised/ removed	Council Approval	1	1	0	0	0	N/A	KPI Removed
Day to Day Service Delivery	Creating and enabling environment favourable for economic and human development in a sustainable manner	Basic Service Delivery	Submission of a Technical Report to MIG for the upgrade of Pine View Park Sports facility	MIG Submission	New	1	0	1	1	G	Target Achieved done on the 26 June 2015 MIG system.

Chapter 3

TE OPERATIONS

Pre-determined Objectives	Strategic Objective	Municipal KPA	KPI	Unit of Measurement	Baseline	Annual Target	Revised Target	Year-To-Date As At Ju			
								Target	Actual	R	Departmental SDBIP
Infrastructure and bulk upgrades	Infrastructure and bulk upgrades, replacements and expansions in order to address infrastructure and bulk services backlogs, make provision for developmental strategies and improve sustainability in the process	Basic Service Delivery	Implement water saving initiatives in all towns	Number of initiatives per town	8	8	8	8	9	G2	Target Well Achieved: November: Minutes of Po 2014 meeting attached. 1 - Bulk meters replaced Fixing of leaking taps and Villiersdorp; 3 - water sav newsletters 4. Replace bulk water me Genadendal and Greyton Libraries disseminated in regarding water savings a points were checked to e water is metered in orde loss. 6. Grabouw: Water s information was dissemi Libraries and children in p taught to save water. The was also cleared of all litt 7 RSE: An action was laun that all water points are n water loss. Leaking valves also replaced. School lea informed on water statisti Greyton/Genadendal: Wa pamphlets were distribut Villiersdorp: Water saving were distributed
Infrastructure and bulk upgrades	Infrastructure and bulk upgrades, replacements and expansions in order to address infrastructure and bulk services backlogs, make provision for developmental strategies and improve sustainability in the process	Basic Service Delivery	Develop scheduled maintenance programs per town with respect to water networks, sanitation networks, Roads & Stormwater, Sports and buildings.	Number of Maintenance Programs	5	5	5	5	5	G	Target Achieved: NOTULE VAN OPERASIES VERGADERING 06 AUG 20 ONDERHOUDSPLANNE VI SOOS PER DORP UITEEN VOORGELE BY PORTFOLIO AANGEHEG.
Infrastructure and bulk upgrades	Infrastructure and bulk upgrades, replacements and expansions in order to address infrastructure and bulk services backlogs, make provision for developmental strategies and	Basic Service Delivery	Upgrading of chlorine installation plants- Greyton/Genadendal	Number of plants	2	2	2	2	2	G	Target Achieved: COMPLETION CERTIFICAT (December 2014)

Chapter 3

Pre-determined Objectives	Strategic Objective	Municipal KPA	KPI	Unit of Measurement	Baseline	Annual Target	Revised Target	Year-To-Date As At June 2015			
								Target	Actual	R	Departmental SDBIP
Infrastructure and bulk upgrades	Infrastructure and bulk upgrades, replacements and expansions in order to address infrastructure and bulk services backlogs, make provision for developmental strategies and improve sustainability in the process	Basic Service Delivery	Review of water networks, Sanitation networks and water & sanitation SOP's	Number of SOP's adopted and workshopped with staff	3	3	3	3	3	G	Target Achieved: The SOP's were workshopped by Director, Townships and Technical Officers.
Implementation of Law Enforcement Strategy	Increased community safety through traffic policing, bylaw enforcement and disaster management	Basic Service Delivery	Submit quarterly progress reports on the implementation of the law enforcement strategy to the portfolio committee for public safety	Number of reports submitted	4	3	3	3	3	G	Target Achieved: Minutes of Portfolio meeting 2014/2015 REF: OP22/2014, OP04/2015
Continuous review of policies and delegations and by-laws	Increased community safety through traffic policing, bylaw enforcement and disaster management	Basic Service Delivery	Approval of Reward policy wrt reporting of vandalism by October 2014	Approved Policy	1	1	1	1	1	G	Target Achieved: MINUTES OF COUNCIL MEETING 2015 ATTACHED. APPROVAL OF REWARD POLICY C19/2015
Roll out of a traffic policing intensification project	Increased community safety through traffic policing, bylaw enforcement and disaster management	Basic Service Delivery	Drafting of new By-Law (Law enforcement)	number approved by council	1	1	1	1	1	G	Target Achieved: Bylaw approved by Council REF:C38/2015 (April 2015)
Roll out of a traffic policing intensification project	Increased community safety through traffic policing, bylaw enforcement and disaster management	Basic Service Delivery	Establishment of animal Pound	Functional Pound	New	100%	100%	100%	100%	G	Target Achieved: Animal Pound completed
Replication of sustainable concepts and methodologies developed as part of the Mababou	Creating and enabling environment favourable for economic and human development in	Basic Service Delivery	Develop VPUU Implementation Plan	approved plan	new	1	1	1	1	G	Target Achieved: VPUU Implementation plan was developed and submitted to Management Committee on 26 September 2014. VPUU Community Action Plan has been included as an attachment to the Implementation Protocol

Chapter 3

Pre-determined Objectives	Strategic Objective	Municipal KPA	KPI	Unit of Measurement	Baseline	Annual Target	Revised Target	Year-To-Date As At June 2014			
								Target	Actual	R	Departmental SDBIP
the replication of sustainable concepts and methodologies developed as part of the Grabouw sustainable development initiative	Creating and enabling environment favourable for economic and human development in a sustainable manner	Basic Service Delivery	Signed cluster agreements with consultants (expression of interest)	2 signed agreements	new	2	2	2	0	R	Target not achieved: At the Steering Committee on 9 December 2014 it was decided that: 1. Separate agreements for projects need to be entered into. 2. Focus needs to be on "fruit" first in order to build the business case. The Legal Department has not yet reached an umbrella agreement which was required before council in April for the addendum. Cluster Agreements cannot be entered into as there is difference of opinion on the interpretation in terms of obtaining valuations and the market value of the identified assets. An agreement is reached in terms of cluster agreements cannot be entered into.
the replication of sustainable concepts and methodologies developed as part of the Grabouw sustainable development initiative	Creating and enabling environment favourable for economic and human development in a sustainable manner	Basic Service Delivery	Develop community safety implementation plan	approved plan	new	1	1	1	1	G	Target Achieved: The Community Safety Implementation plan was submitted to Council on 26 September 2014. The implementation phase was initiated by the VPUU team as well as the Department of Community Safety. A successful Crime Prevention Imbizo was held in Grabouw on 10 March 2015 in collaboration with the Department of Correctional Services. The Imbizo was well supported by the Department of Correctional Services, NGO's as well as other Government Departments. REF:M223/2014

Chapter 3

TE TECHNICAL SERVICES

Pre-determined Objectives	Strategic Objective	Municipal KPA	KPI	Unit of Measurement	Baseline	Annual Target	Revised Target	Year-To-Date			
								Target	Actual	R	D
Implementation of three year infrastructure and basic services upgrade, expansion and replacement program linked to the MIG Program, Capital Reserve Development Program and development contribution program	Infrastructure and bulk upgrades, replacements and expansions in order to address infrastructure and bulk services backlogs, make provision for developmental strategies and improve sustainability in the process	Basic Service Delivery	Approval of an Integrated Infrastructure Maintenance Plan	Portfolio Approval	1	1	1	1	1	G	Ta Ma sul on Re
Implementation of three year infrastructure and basic services upgrade, expansion and replacement program linked to the MIG Program, Capital Reserve Development Program and development contribution program	Infrastructure and bulk upgrades, replacements and expansions in order to address infrastructure and bulk services backlogs, make provision for developmental strategies and improve sustainability in the process	Basic Service Delivery	Electrification of Site Saviva	Number of connections	100	200	200	200	188	O	Ta Ini am ho rec co to do
Implementation of three year infrastructure and basic services upgrade, expansion and replacement program linked to the MIG Program, Capital Reserve Development Program and development contribution program	Infrastructure and bulk upgrades, replacements and expansions in order to address infrastructure and bulk services backlogs, make provision for developmental strategies and improve sustainability in the process	Basic Service Delivery	Revision of the Electricity Master Plan for Theewaterskloof	Number of plans	1	1	1	1	1	G	Ta Ad RE
Implementation of three year infrastructure and basic services upgrade, expansion and replacement program linked to the MIG Program, Capital Reserve Development Program and development contribution program	Infrastructure and bulk upgrades, replacements and expansions in order to address infrastructure and bulk services backlogs, make provision for developmental strategies and improve sustainability in the process	Basic Service Delivery	Review of the electricity by-law	Number of by-laws	New	1	1	1	0	R	Ta
Implementation of three year infrastructure and	Infrastructure and bulk upgrades,	Basic Service Delivery	Revision of the Integrated Waste Management Plan	Plan revised	1	1	1	1	1	G	Ta Th Ge

Chapter 3

Pre-determined Objectives	Strategic Objective	Municipal KPA	KPI	Unit of Measurement	Baseline	Annual Target	Revised Target	Year-To-Date			
								Target	Actual	R	D
Implementation of three year infrastructure and basic services upgrade, expansion and replacement program linked to the MIG Program, Capital Reserve Development Program and development contribution program	Infrastructure and bulk upgrades, replacements and expansions in order to address infrastructure and bulk services backlogs, make provision for developmental strategies and improve sustainability in the process	Basic Service Delivery	Upgrade the existing bulk water storage through the construction of a reservoir and related connecting pipework for Grabouw (excluding the rising main from treatment plant to reservoir) Revised	Phases completed as per project plan	100	100%	100%	100%	0%	R	Ta Th pre Th rep Co be ad Th pro co ad ho his rec pa be fir wh ad wi th wa pro Th be 30 co ret ha wi 20
Implementation of three year infrastructure and basic services upgrade, expansion and replacement program linked to the MIG Program, Capital Reserve Development Program and development contribution program	Infrastructure and bulk upgrades, replacements and expansions in order to address infrastructure and bulk services backlogs, make provision for developmental strategies and improve sustainability in the process	Basic Service Delivery	Upgrade of the existing Water Treatment Plant- Villiersdorp (KPI Removed)	Phases completed as per project plan	100	100%	0%	15%	0%	N/A	Ta du fun Co C1
Implementation of three year infrastructure and basic services upgrade, expansion and replacement program linked to the MIG Program, Capital Reserve Development Program and development contribution program	Infrastructure and bulk upgrades, replacements and expansions in order to address infrastructure and bulk services backlogs, make provision for developmental strategies and improve sustainability in the process	Basic Service Delivery	Upgrade of the Grabouw Waste Water Treatment Works	Completion of phase 2 as per project plan	100	100%	100%	100%	100%	G	Ta Pro pre De rel wh be TL on ha Th the rea No
Implementation of three year infrastructure and	Infrastructure and bulk upgrades,	Basic Service Delivery	Upgrade of the Villiersdorp Waste Water Treatment	completion as per project plan	100	100%	100%	100%	100%	G	Ta of wi

Chapter 3

Pre-determined Objectives	Strategic Objective	Municipal KPA	KPI	Unit of Measurement	Baseline	Annual Target	Revised Target	Year-To-Date			
								Target	Actual	R	D
Implementation of three year infrastructure and basic services upgrade, expansion and replacement program linked to the MIG Program, Capital Reserve Development Program and development contribution program	Infrastructure and bulk upgrades, replacements and expansions in order to address infrastructure and bulk services backlogs, make provision for developmental strategies and improve sustainability in the process	Basic Service Delivery	Roads upgrades as per project implementation plan	Bi-annual reporting to portfolio	2	2	2	2	1	R	Ta All co rel sul co TE
Implementation of three year infrastructure and basic services upgrade, expansion and replacement program linked to the MIG Program, Capital Reserve Development Program and development contribution program	Improved environmental management	Basic Service Delivery	Public awareness of recycling and composting Revised / Rollover to next financial year.	approved implementation plan	1	1	0	0	0	N/A	Re to
Implementation of three year infrastructure and basic services upgrade, expansion and replacement program linked to the MIG Program, Capital Reserve Development Program and development contribution program	Infrastructure and bulk upgrades, replacements and expansions in order to address infrastructure and bulk services backlogs, make provision for developmental strategies and improve sustainability in the process	Basic Service Delivery	Limit water losses to less than 15%	% of unaccounted for water	15	15%	15%	15%	24%	R	Ta Jul Au Se Oc Jan Fe Ma Ap Ma Jun
Implementation of three year infrastructure and basic services upgrade, expansion and replacement program linked to the MIG Program, Capital Reserve Development Program and development contribution program	Infrastructure and bulk upgrades, replacements and expansions in order to address infrastructure and bulk services backlogs, make provision for developmental strategies and improve sustainability in the process	Basic Service Delivery	Report on the water loss reduction initiatives as per project plan	Quarterly reporting to portfolio	New	3	3	3	1	R	Ta Fe ini rec for Re Co att Ins ma (m Sit De pre en tar ren an wh pre los Th ins W

Chapter 3

Pre-determined Objectives	Strategic Objective	Municipal KPA	KPI	Unit of Measurement	Baseline	Annual Target	Revised Target	Year-To-Date			
								Target	Actual	R	D
											ser pro los wa TE
Implementation of three year infrastructure and basic services upgrade, expansion and replacement program linked to the MIG Program, Capital Reserve Development Program and development contribution program	Infrastructure and bulk upgrades, replacements and expansions in order to address infrastructure and bulk services backlogs, make provision for developmental strategies and improve sustainability in the process	Basic Service Delivery	Limit distribution losses for electricity to below 8.4%	% of unaccounted for electricity	8.4	8.40%	8.40%	8.40%	4.67%	B	Ta Ac Ta 4.6
Manage the municipality's natural resources (Reserves, public open spaces, waterways)	Improved environmental management	Basic Service Delivery	Development of maintenance plans for Nature Reserves	Plans completed	1	1	1	1	1	G	Ta Ma sul on Re co off
Manage the municipality's natural resources (Reserves, public open spaces, waterways)	Improved environmental management	Basic Service Delivery	Revision and/or development of environmental bylaws in accordance with the Environmental Management Plan	Number of bylaws	1	1	1	1	2	B	Ta Ac 2 b sul ap C6 AE C6 RE
Manage the municipality's natural resources (Reserves, public open spaces, waterways)	Improved environmental management	Basic Service Delivery	Alien Eradication Management Plan	Approved plan	1	1	1	1	1	G	Ta Ali ma sul ad Ma 18 M
Manage the municipality's natural resources (Reserves, public open spaces, waterways)	Improved environmental management	Basic Service Delivery	Disaster Risk Management Plan	council approval	1	1	1	1	1	G	Ta Dis pa ad Re
Manage the municipality's natural resources (Reserves, public open spaces, waterways)	Improved environmental management	Basic Service Delivery	Approved Air Quality Management Plan (AQMP)	council approval	1	1	1	1	1	G	Ta Air Ad C3
Day to Day Service Delivery	Infrastructure and bulk upgrades,	Basic Service Delivery	Upgrade of the existing stormwater network to	Phase complete as per project plan.	New	100%	0%	100%	100%	G	Ta Pro

Chapter 3

Pre-determined Objectives	Strategic Objective	Municipal KPA	KPI	Unit of Measurement	Baseline	Annual Target	Revised Target	Year-To-Date			
								Target	Actual	R	I
Day to Day Service Delivery	Infrastructure and bulk upgrades, replacements and expansions in order to address infrastructure and bulk services backlogs, make provision for developmental strategies and improve sustainability in the process	Basic Service Delivery	Upgrade of the Grabouw Waste Water Treatment works Phase	completion of phase 3 as per project plan	New	100%	0%	100%	0%	R	

Chapter 3

Pre-determined Objectives	Strategic Objective	Municipal KPA	KPI	Unit of Measurement	Baseline	Annual Target	Revised Target	Year-To-Date			
								Target	Actual	R	D
Day to Day Service Delivery	Infrastructure and bulk upgrades, replacements and expansions in order to address infrastructure and bulk services backlogs, make provision for developmental strategies and improve sustainability in the process	Basic Service Delivery	Upgrade of the Grabouw Waste Water Treatment works phase3. RBIG funded project	completion of phase 3 as per project plan	new	100%	0%	100%	0%	R	Ta Ac ter rec RB str ie to co eq fin the ch od eq lat TL co Ap rec ter od eq ch be 20 rec thi KP ov for im on the eq be Th eve pro del fee rec De Tra (D fee rec ha the SC rec ob inf the ter Th ad ter aff im of en rec co sul rel co the

Chapter 3

Pre-determined Objectives	Strategic Objective	Municipal KPA	KPI	Unit of Measurement	Baseline	Annual Target	Revised Target	Year-To-Date			
								Target	Actual	R	I SD
											Score reached the rep pro SC the no an be 20
Day to Day Service Delivery	Infrastructure and bulk upgrades, replacements and expansions in order to address infrastructure and bulk services backlogs, make provision for developmental strategies and improve sustainability in the process	Basic Service Delivery	Upgrade of the Villiersdorp Waste Water Treatment Works.	completion as per project plan	New	10%	0%	10%	10%	G	Ta Th ele co act co Ma co Ap Ma me ele eq co Pr pa of tar ha ach wo sta on
Improved Communication and community involvement	Creating and enabling environment favourable for economic and human development in a sustainable manner	Basic Service Delivery	2nd Phase construction of the Villiersdorp Sports Ground	Phases completed as per contractors programme	New	100%	0%	100%	0%	R	Ta Ac Co pro rep co att me Th on the pro ho no co rug ne acc pa fer Jun of me Th bu be All rel ph ne rug irr sul dra a

Chapter 3

Pre-determined Objectives	Strategic Objective	Municipal KPA	KPI	Unit of Measurement	Baseline	Annual Target	Revised Target	Year-To-Date			
								Target	Actual	R	I
											SD
											ce
Infrastructure and bulk upgrades	Infrastructure and bulk upgrades, replacements and expansions in order to address infrastructure and bulk services backlogs, make provision for developmental strategies and improve sustainability in the process	Basic Service Delivery	Upgrade of the Grabouw Waste Water Treatment Works: Purchase of electric Chipper. Revised/Remove	Completion of phase 2 as per project plan.	New	100%	0%	0%	0%	N/A	Re Re
Implementation of three year infrastructure and basic services upgrade, expansion and replacement program linked to the MIG Program, Capital Reserve Development Program and development contribution program	Infrastructure and bulk upgrades, replacements and expansions in order to address infrastructure and bulk services backlogs, make provision for developmental strategies and improve sustainability in the process	Basic Service Delivery	Upgrade of the Grabouw Waste Water Treatment Works: Purchase Loader. Removed	completion of phase 2 as per project plan	New	100%	0%	0%	0%	N/A	Re Re
Day to Day Service Delivery	Infrastructure and bulk upgrades, replacements and expansions in order to address infrastructure and bulk services backlogs, make provision for developmental strategies and improve sustainability in the process	Basic Service Delivery	Upgrade of the Grabouw Waste Water Treatment Works: Civil and Structural. Revised/Removed	Completion of Phase 2 as per project plan.	New	100%	0%	0%	0%	N/A	Re Re
Day to Day Service Delivery	Infrastructure and bulk upgrades, replacements and expansions in order to address infrastructure and bulk services backlogs, make provision for developmental strategies and improve sustainability in the process	Basic Service Delivery	Upgrade of the Grabouw Waste Water Treatment Works: Mechanical and Electrical work. Revised/ Removed	Completion of Phase 2 as per project plan.	New	100%	0%	0%	0%	N/A	Re Re
Day to Day Service Delivery	Infrastructure and bulk upgrades, replacements and expansions in order to address infrastructure and bulk services backlogs, make provision for developmental strategies and improve sustainability in the process	Basic Service Delivery	Upgrade of the Grabouw Waste Water Treatment Works: High Capacity	completion of phase 3 as per project plan	New	100%	0%	100%	100%	G	Ta Th be

Chapter 3

Pre-determined Objectives	Strategic Objective	Municipal KPA	KPI	Unit of Measurement	Baseline	Annual Target	Revised Target	Year-To-Date			
								Target	Actual	R	I
Day to Day Service Delivery	Infrastructure and bulk upgrades, replacements and expansions in order to address infrastructure and bulk services backlogs, make provision for developmental strategies and improve sustainability in the process	Basic Service Delivery	Upgrade of the Grabouw Waste Water Treatment Works: Upgrade of Internal roads network.	Completion of phase 3 as per project plan.	New	100%	0%	100%	0%	R	Ta
Day to Day Service Delivery	Infrastructure and bulk upgrades, replacements and expansions in order to address infrastructure and bulk services backlogs, make provision for developmental strategies and improve sustainability in the process	Basic Service Delivery	Upgrade of the Grabouw Waste Water Treatment Works: Reinstatement of maturation ponds.	Completion of phase 3 as per project plan.	new	100%	0%	100%	0%	R	Ta

Chapter 3

COMPONENT A: BASIC SERVICES

This component includes: water; waste water (sanitation); electricity; waste management; and housing services; and a summary of free basic services.

Some of the challenges experienced are:

- Provision of basic services on a sustainable basis.
- Stimulating local economic development.
- Sound management of its financial affairs.
- Strengthening continued community participation in the affairs of Local Government.
- Provision of subsidised / low cost housing.
- Development of a social strategy.
- Growing population, unemployment and poverty.
- Continued reformation in local government.
- Backlog in infrastructure.

3.1 WATER PROVISION

3.1.1 INTRODUCTION TO WATER PROVISION

Note: Recent legislation includes the Water Service Act 1997 and the General Enabling Act 2005.

Theewaterskloof Municipality is the Water Service Authority for its service area. All residents in urban areas in the service area of the municipality have access to water services and free basic water is provided to all. It is however estimated that there might still be households on the farms in the rural areas with existing service levels below RDP standards. This estimate the service levels on the farms can only be verified through a detailed survey.

Ageing infrastructure remains one of the key focus areas for the municipality. In order to ensure that the water infrastructure delivers continues service provision in future; the Municipality compiled a pipe prioritization replacement programme. A further priority is to ensure that adequate services are available to enable future development. For this purpose master planning for water provision is kept up to date. Sourcing the required capital for extensions to water services infrastructure remains a challenge.

CONSERVATION AND DEMAND MANAGEMENT

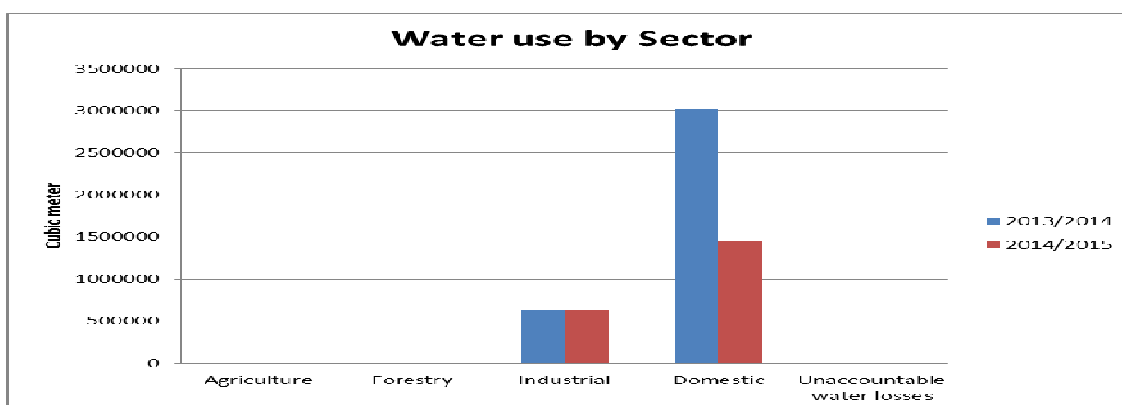
The municipality have compiled a Water Demand/Water Conservation action plan and water loss reduction plan and was adopted by Council. The purpose of the plan is to enhance the management of water services in order to achieve sustainable, efficient and 100% affordable services to all consumers.

The implementation of the plans does not only refer to measures that reduce water wastage and inefficient use, but also include measures to effectively manage and sustain efficiency targets. Some of the priority requirements are to install systems that measures and identify certain parameters such as minimum night flows and systems to enable detailed regular water audits and water balances.

Chapter 3

3.1.2 TOTAL USE OF WATER BY SECTOR

Total Use of Water by Sector (cubic meters)					
	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
2013/2014	0	0	635959	3010214	994 950kl/year-22.2%
2014/2015	0	0	634772	1457030.04	21%
					T3.1.2



3.1.3 WATER SERVICE DELIVERY LEVELS

The table below depicts the different water service delivery levels per household in all formal areas for the financial years 2011/12 to 2014/15:

Water Service Delivery Levels				
Description	Households			
	Year -2011/12	Year 2012/13	Year 2013/14	Year 2014/15
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
Water: (above min level)				
Piped water inside dwelling	34 469	24 283	17 815	21 616
Piped water inside yard (but not in dwelling)	–	–	–	–
Using public tap (within 200m from dwelling)	2916	689	6514	4833
Other water supply (within 200m)	0	0	0	0
Minimum Service Level and Above sub-total	37 385	24 972	24 329	26 449
Minimum Service Level and Above Percentage	100%	100%	100%	100%
Water: (below min level)				
Using public tap (more than 200m from dwelling)	0	0	0	0
Other water supply (more than 200m from dwelling)	0	0	0	0
No water supply	0	61	61	0
Below Minimum Service Level sub-total	0	61	61	0
Below Minimum Service Level Percentage	0%	0%	0%	0%
Total number of households*	37 385	25 033	24 390	26 449
* - To include informal settlements				T3.1.3

Chapter 3

3.1.4 HOUSEHOLD WATER SERVICE DELIVERY LEVELS BELOW MINIMUM

Households - Water Service Delivery Levels below the minimum

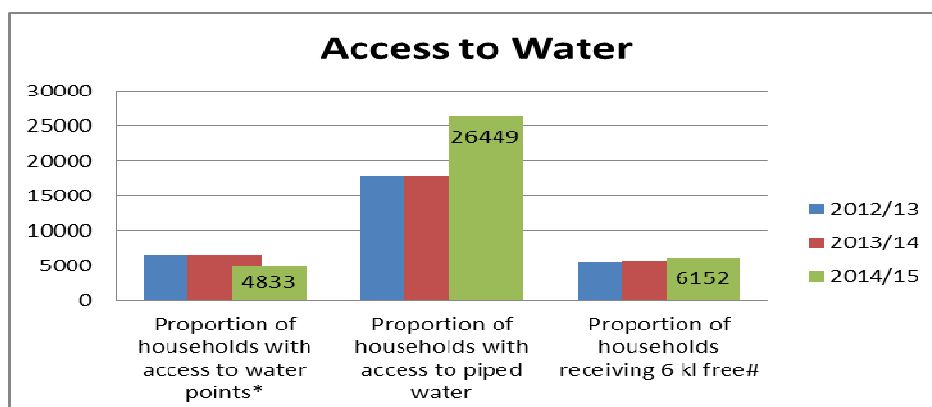
Households						
Description	2011/12	2012/13	2013/14	2014/15		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	37 385	25 033	24 390	21 616	21 616	21 616
Households below minimum service level	0	0	0	0	0	0
Proportion of households below minimum service level	0%	0%	0%	0%	0%	0%
Informal Settlements						
Total households	3865.00	6514.00	6514.00	4833	4833	4833
Households below minimum service level	0.00	0.00	0.00	0.00	0.00	0.00
Proportion of households below minimum service level	0%	0%	0%	0%	0%	0%

3.1.5 ACCESS TO WATER

Access To Water

	Proportion of households with access to water points*	Proportion of households with access to piped water	Proportion of households receiving 6 kl free#
2012/13	6514	17815	5642
2013/14	6514	17815	5719
2014/15	4833	26449	6152

* Means access to 25 litres of potable water per day supplied within 200m of a household and with a minimum flow of 10 litres per minute
6,000 litres of potable water supplied per formal connection per month



Chapter 3

3.1.6 EMPLOYEES WATER SERVICES

Employees: Water Services					
Job Level	Year 2013/14	Year 2014/15			
	Employees	Posts Budgeted	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	44	20	20	0	0%
4 - 6	0	12	12		0%
7 - 9	8	6	6	0	0%
10 - 12	0	3	3	1	33%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0		0%
19 - 20	0	0	0	0	0%
Total	52	41	41	1	2%

3.1.7 FINANCIAL PERFORMANCE: WATER SERVICES

Financial Performance: Water Distribution					
R'000					
Details	Year 2013/14	Year 2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	39,417	47,056	49,628	45,445	8%
Expenditure:					
Employees	6,311	7,169	7,169	7,112	1%
Repairs and Maintenance	2,646	3,083	2,933	3,037	-4%
Other	29,903	31,244	29,887	27,778	7%
Total Operational Expenditure	38,860	41,496	39,988	37,927	5%
Net Operational Expenditure	(558)	(5,560)	(9,640)	(7,518)	22%
Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Adjustment Budget and the Actual divided by the Adjustment Budget.					T3.1.8

Chapter 3

3.1.8 CAPITAL EXPENDITURE: WATER SERVICES

Capital Expenditure Year: Water Distribution					
R' 000					
Capital Projects	2014/2015				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	9,242	5,379	2,526	-266%	
Water Upgrading V'D	400	–	–		
Water Upgrading G'B	6,842	2,361	1,342	-410%	
Prepaid Meters	2,000	2,600	817	-145%	
Basic Services	–	418	368	100%	
Total project value represents the estimated cost of the project on approval by council					T3.1.9

3.1.9 COMMENT ON WATER SERVICE PERFORMANCE OVERALL

All formal households within the municipal area are provided with water connections inside the houses. Communal stand pipes are provided in informal areas as a temporary service and are above basic service delivery levels.

Various actions have been developed to ensure a sustainable water provision to the municipal area. These include the minimization of distribution losses, the increase on maintenance spending the implementation of water conservation and demand management measures.

A water reticulation network has been successfully installed in the informal settlement, Riemvasmaak in Caledon.

3.2 WASTE WATER PROVISION

3.2.1 WASTE WATER (SANITATION) PROVISION

Sewer is conveyed to the treatment works and oxidation pond systems either by a water borne collector system or a vacuum tanker service.

Sewer services are available throughout the whole service area of the Theewaterskloof Municipality and free basic sewer services are provided to be registered indigent households. Ensuring that sufficient treatment capacity is available for present and future demand is a key focus area for the municipality. Upgrading of waste water treatment works is multiyear projects.

Chapter 3

All the formal households in the urban areas are provided with sanitation facilities inside the houses (higher level of service). A communal ablution facility is provided in the informal areas as a temporary emergency service and is above minimum standards.

3.2.2 SANITATION SERVICE DELIVERY LEVELS

Sanitation Service Delivery Levels				
*Households				
Description	Year -2011/12	Year 2012/13	Year 2013/14	Year 2014/15
	Outcome	Outcome	Outcome	Actual
	No.	No.	No.	No.
Sanitation/sewerage: (above minimum level)				
Flush toilet (connected to sewerage)	19 785	24 111	11 694	21 616
Flush toilet (with septic tank)	5 247	5 757	5 707	4833
Chemical toilet				
Pit toilet (ventilated)				
Other toilet provisions (above min. service level)				
<i>Minimum Service Level and Above sub-total</i>	25 032	29 868	17 401	26 449
<i>Minimum Service Level and Above Percentage</i>	100.0%	98.4%	71.3%	100.0%
Sanitation/sewerage: (below minimum level)				
Bucket toilet				
Other toilet provisions (below min. service level)			6514	
No toilet provisions		475	475	
<i>Below Minimum Service Level sub-total</i>	0	475	6 989	0
<i>Below Minimum Service Level Percentage</i>	0.0%	1.6%	28.7%	0.0%
Total households	25 032	30 343	24 390	26 449

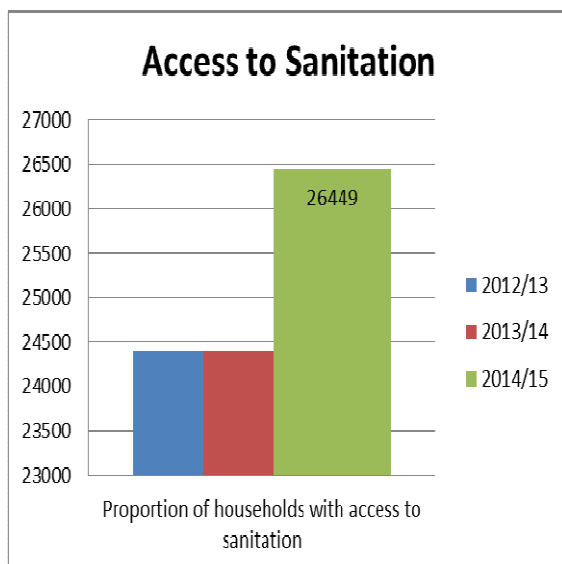
*Total number of households including informal settlements

3.2.3 HOUSEHOLD: SANITATION SERVICE DELIVERY LEVELS BELOW MINIMUM

Households - Sanitation Service Delivery Levels below the minimum						
Households						
Description	2011/12	2012/13	2013/14	2014/15		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements	–	–	–	–	–	–
Total households	25 032	30 343	24 390	21616	21616	21616
Households below minimum service level	0	0	0	0	0	0
Proportion of households below minimum service level	0%	0%	0%	0%	0%	0%
Informal Settlements	–	–	–	–	–	–
Total households	3 865	6 514	6 514	4833	4833	4833
Households below minimum service level	0	0	0	0	0	0
Proportion of households below minimum service level	0%	0%	0%	0%	0%	0%

Chapter 3

3.2.4 ACCESS TO SANITATION



Access to Sanitation

Proportion of households with access to sanitation	
2012/13	24390
2013/14	24390
2014/15	26449

3.2.5 EMPLOYEES: SANITATION SERVICES

Employees: Sanitation Services (SEWERAGE PURIFICATION)					
Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	46	28	28	1	4%
4 - 6	-	6	6	-	0%
7 - 9	3	8	8	-	0%
10 - 12	-	2	2	-	0%
13 - 15	-	1	1	-	0%
16 - 18	-	-	-	-	0%
19 - 20	-	-	-	-	0%
Total	49	45	45	1	2%

Chapter 3

3.2.6 FINANCIAL PERFORMANCE: SANITATION SERVICES

Financial Performance : Waste Water Management					
R'000					
Details	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	23,730	25,898	26,907	25,581	5%
Expenditure:					
Employees	6,181	6,478	6,478	6,642	-3%
Repairs and Maintenance	2,875	3,393	3,836	3,612	6%
Other	12,381	14,733	15,651	15,235	3%
Total Operational Expenditure	21,436	24,604	25,964	25,489	2%
Net Operational Expenditure	(2,294)	(1,295)	(943)	(92)	90%
<i>Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Adjustment Budget and the Actual divided by the Adjustment Budget.</i>					T3.2.8

3.2.7 CAPITAL EXPENDITURE: SANITATION SERVICES

Financial Performance : Waste Water Management					
R'000					
Details	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	23,730	25,898	26,907	25,581	5%
Expenditure:					
Employees	6,181	6,478	6,478	6,642	-3%
Repairs and Maintenance	2,875	3,393	3,836	3,612	6%
Other	12,381	14,733	15,651	15,579	0%
Total Operational Expenditure	21,436	24,604	25,964	25,833	1%
Net Operational Expenditure	(2,294)	(1,295)	(943)	,252	127%
<i>Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Adjustment Budget and the Actual divided by the Adjustment Budget.</i>					T3.2.8

3.2.8 COMMENT ON SANITATION PERFORMANCE OVERALL

The following water treatment plants are in the process of being upgraded:

- Grabouw WWTW
- Villiersdorp WWTW

The above mentioned projects are multiyear projects.

Waterborne Sewer network have been installed in the informal settlement, Riemvasmaak in Caledon.

Chapter 3

3.3 ELECTRICITY

3.3.1 INTRODUCTION TO ELECTRICITY

The Electrical Department is committed to supply existing and new customers with electrical energy of acceptable quality in a safe and sustainable way.

The electrification of existing informal settlements of Site Saviwa phase 2 is an on-going project and the electrification of Westside in Villiersdorp was completed. Application is made to DoE for funds to service new settlements.

Upgrades to network by installing phase 1 of a new 185mm² 11kv cable between Aandblom substation and Veldblom substation, will commence shortly.

New projects for 2015/16 will be high mast lighting in Grabouw and Villiersdorp as well as the upgrade of the overhead line in Villiersdorp between Caledon Street and Unie Avenue. Maintenance remains priority.

The project to replace credit meters with prepayment meters is completed. This project reduced distribution losses.

Eskom is delivering the service in towns of Grabouw, Botriver, Genadendal and Tesselaarsdal.

3.3.2 ELECTRICITY SERVICE DELIVERY LEVELS

Electricity Service Delivery Levels

Description	Households			
	Year 2011/12	Year 2012/13	Year 2013/14	Year 2014/15
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
<u>Energy: (above minimum level)</u>				
Electricity (at least min. service level)	2 552	2 159	1 174	181
Electricity - prepaid (min. service level)	2 697	3 101	4 864	7 917
<i>Minimum Service Level and Above sub-total</i>	5 249	5 260	6 038	8 098
<i>Minimum Service Level and Above Percentage</i>	100.0%	100.0%	100.0%	100.0%
<u>Energy: (below minimum level)</u>				
Electricity (< min. service level)				
Electricity - prepaid (< min. service level)				
Other energy sources				
<i>Below Minimum Service Level sub-total</i>	0	0	0	0
<i>Below Minimum Service Level Percentage</i>	0.0%	0.0%	0.0%	0.0%
Total number of households	5 249	5 260	6 038	8 098
				T3.3.3

Chapter 3

3.3.3 EMPLOYEES ELECTRICITY SERVICE

Employees: Electricity Services					
Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	10	9	9	0	0%
4 - 6	1	1	1	0	0%
7 - 9	4	2	2	0	0%
10 - 12	2	6	6	0	0%
13 - 15	1	1	1	0	0%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	0%
Total	19	20	20	0	0%

3.3.4 FINANCIAL PERFORMANCE: ELECTRICITY SERVICES

Financial Performance : Electricity Distribution					
R'000					
Details	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	69,845	75,906	75,482	75,847	0%
Expenditure:					
Employees	4,346	4,825	4,825	4,793	1%
Repairs and Maintenance	402	2,957	1,229	1,104	10%
Other	48,042	52,115	51,153	47,413	7%
Total Operational Expenditure	52,790	59,897	57,207	53,310	7%
Net Operational Expenditure	(17,055)	(16,009)	(18,275)	(22,537)	-23%
<i>Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Adjustment Budget and the Actual divided by the Adjustment Budget.</i>					T3.3.7

3.3.5 CAPITAL EXPENDITURE: ELECTRICITY SERVICES

Capital Expenditure Year 2014/15: Electricity Services					
R' 000					
Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	6,400	8,120	7,287	12%	
Caledon MV Cable	2,500	2,500	2,342	-7%	
Site Saviwa Housing	3,900	3,900	3,764	-4%	
Upgrading of 11kV Network Greyton and Villiersdorp	—	1,400	1,133	100%	
Replace Miniature Substation Kerkstraat Villiersdorp	—	320	47	100%	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					T3.3.8

Projects were completed within the allocated time and budget limits.

Chapter 3

3.4 WASTE MANAGEMENT (THIS SECTION TO INCLUDE REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

3.4.1 INTRODUCTION TO WASTE MANAGEMENT

Theewaterskloof Municipality is committed to a system of waste management that will see the least possible amount of waste going to modern engineered landfills. This will be achieved through the use of education, law enforcement and material recovery and treatment plants. New and emerging technologies, where applicable and affordable, will also play a part in overall waste management.

The analysis of the current waste management system has shown the following:

- all formal residential erven are receiving a weekly door-to-door waste collection service
- all collected municipal waste in the Riviersonderend service area is disposed at the municipality's unlicensed waste disposal site in Riviersonderend
- all collected municipal waste in the Genadendal and Greyton service areas are disposed at the municipality's unlicensed Genadendal and Greyton waste disposal sites
- all collected waste in Caledon, Tesselaarsdal and Botrivier are disposed at the municipality's licensed Caledon landfill
- all collected waste in Grabouw, Villiersdorp as well as the waste from the Public Drop-off in Botrivier are disposed at the municipality's licensed Caledon landfill
- waste recovery is not currently done
- waste avoidance is not currently addressed
- Caledon landfill, Villiersdorp and Grabouw Transfer Stations are currently externally audited for permit compliance
- the Villiersdorp landfill has been closed, but not yet rehabilitated
- New by-laws on waste management in progress

Greyton, Genadendal, Riviersonderend and Botriver landfills are currently undergoing licensing.

Refuse collection from all households is sufficient except for farms.

External Service provider is used to collect waste from Grabouw, Villiersdorp, Botrivier and Tesselaarsdal and delivered to caledon Landfill. All other dumping of waste is done internally.

Top priorities for Waste Management is the rehabilitation of unlicensed landfill sites at Riviersonderend, Greyton and Genadendal, and the establishment of Transfer stations at these 3 towns. Waste avoidance through education and public awareness is also listed as a top priority. A leachate dam has been constructed at Caledon

Landfill, internal and external audits are done at Caledon landfill, Grabouw transfer station and Villiersdorp Transfer station.

Chapter 3

3.4.2 SOLID WASTE SERVICE DELIVERY LEVELS

Solid Waste Service Delivery Levels				
Description	Households			
	2011/12	2012/13	2013/14	2014/15
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
<u>Solid Waste Removal: (Minimum level)</u>				
Removed at least once a week	19 196	21 324	24 298	26 449
<i>Minimum Service Level and Above sub-total</i>	19 196	21 324	24 298	26 449
<i>Minimum Service Level and Above percentage</i>	100.0%	100.0%	100.0%	100.0%
<u>Solid Waste Removal: (Below minimum level)</u>				
Removed less frequently than once a week	0.82	0.82	0.82	
Using communal refuse dump	1.37	1.37	1.37	
Using own refuse dump	6.82	6.82	6.82	
Other rubbish disposal				
No rubbish disposal	0.38	0.38	0.38	
<i>Below Minimum Service Level sub-total</i>	9.38	9.38	9.39	0.00
<i>Below Minimum Service Level percentage</i>	0.0%	0.0%	0.0%	0.0%
Total number of households	19 205	21 333	24 307	26 449
				T3.4.2

3.4.3 HOUSEHOLDS: SOLID WASTE SERVICE DELIVERY LEVELS BELOW MINIMUM

Households - Solid Waste Service Delivery Levels below the minimum						
Description	Households					
	2011/12	2012/13	2013/14	2014/15		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	19 196	19 196	21 324	21 616	21 616	21 616
Households below minimum service level	–	–	–			
Proportion of households below minimum service level	0%	0%	0%	0%	0%	0%
Informal Settlements						
Total households				4833	4833	4833
Households below minimum service level						
Proportion of households below minimum service level	0%	0%	0%	0%	0%	0%
						T3.4.3

Chapter 3

3.4.4 EMPLOYEES: SOLID WASTE MANAGEMENT

Employees: Solid Waste Management Services: SOLID WASTE - STREET CLEANSING					
Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	19	61	61	1	2%
4 - 6	4	4	4		0%
7 - 9	6	7	7		0%
10 - 12		1	1		0%
13 - 15	-	-	-	-	-
16 - 18	-	-	-	-	-
19 - 20	-	-	-	-	-
Total	29	73	73	1	1%

3.4.5 EMPLOYEES: WASTE DISPOSAL AND OTHER SERVICES

Employees: Waste Disposal: DUMPING SITE					
Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	55	4	4		0%
4 - 6	7				0%
7 - 9	6	1	1		0%
10 - 12	-	-	-	-	-
13 - 15	-	-	-	-	-
16 - 18	-	-	-	-	-
19 - 20	-	-	-	-	-
Total	68	5	5	0	0%

3.4.6 FINANCIAL PERFORMANCE: WASTE MANAGEMENT SERVICES

Financial Performance : Solid Waste Management Services					
R'000					
Details	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	25,517	30,202	30,202	26,211	13%
Expenditure:					
Employees	10,170	11,271	11,271	10,542	6%
Repairs and Maintenance	1,137	1,325	1,486	1,269	15%
Other	13,577	13,026	14,169	14,897	-5%
Total Operational Expenditure	24,884	25,621	26,925	26,708	1%
Net Operational Expenditure	(633)	(4,580)	(3,277)	496	115%
Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Adjustment Budget and the Actual divided by the Adjustment Budget.					T3.4.7

Chapter 3

3.4.7 CAPITAL EXPENDITURE: WASTE MANAGEMENT SERVICES

Capital Expenditure : Waste Management Services					
Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All				-	
				-	
				-	
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T3.4.9

3.5 HOUSING

The Housing Department is familiar of the contribution of large-scale housing delivery on the Overberg Regions property economy. In times of economic slowdown, public sector spending becomes important. Given that the World over economies will require some four years plus to fully recover from the global economic down turn, the Theewaterskloof Municipality has endeavor to converge its housing delivery programme with economic recovery objectives.

The Theewaterskloof Municipality Housing Department has received a housing implementation Grant of R 91 602 million for the 2014/ 2015 financial year. A total of R 72,990 million was spent on housing implementation.

To address the housing need in the Theewaterskloof area, a comprehensive housing strategy was adopted and implemented by council.

3.5.1 PERCENTAGE OF HOUSEHOLD WITH ACCESS TO BASIC HOUSING

The table below indicates the summary of houses built an also reveals the losing battle faced by the municipality in providing housing as the waiting list continues to increase.

Year end	Number of Housing Units on Waiting list	Number of Houses built	Number of serviced sites
2011/12	10327	176	237
2012/13	13681	180	694
2013/14	13741	385	583
2014/15	12912	357	251

Chapter 3

3.5.2 EMPLOYEES: HOUSING SERVICES

Employees: Housing Services					
Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	-	-	-	-	-
4 - 6	-	-	-	-	-
7 - 9	2	3	3	-	0%
10 - 12	6	7	7	-	0%
13 - 15	1	-	-	-	-
16 - 18	-	-	-	-	-
19 - 20	-	-	-	-	-
Total	9	10	10	0	0%

3.5.3 HOUSING SERVICES

Housing Service Policy Objectives Taken From IDP									
PROJECTS	Outline Service Targets	Year 11/12		Year 12/13		Year 13/14		Year 14/15	
		Target	Actual	Target	Actual	Target	Actual	Target	Actual
Riversonderend	821	-	-	-	-	-	81		
Genadendal/Greyton	804	-	-	-	-	-	-		
Caledon	2125	-	-	-	-	89	100	99	98
Villiersdorp	1824	70	-	70	-	38	253		
Botrivier	786	45	-	45	-	42	184	142	142
Grabouw	7222	337	-	337	-	171	133	117	117
Tesselaarsdal	99	0	-	0	-	0	0		

Chapter 3

3.5.4 FINANCIAL PERFORMANCE: HOUSING SERVICES

Financial Performance: Housing Services					
R'000					
Details	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	71,162	59,099	17%
Expenditure:					
Employees	3,424	3,887	3,887	3,821	2%
Repairs and Maintenance	3	7	7	4	52%
Other	477	1,601	41,537	29,888	28%
Total Operational Expenditure	3,905	5,495	45,430	33,712	26%
Net Operational Expenditure	3,905	5,495	(25,732)	(25,387)	1%
Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Adjustment Budget and the Actual divided by the Adjustment Budget.					T3.5.5

3.5.5 CAPITAL EXPENDITURE: HOUSING SERVICES

Capital Expenditure : Housing Services					
R' 000					
Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	22,964	31,229	29,555	22%	
Low Cost Housing	22,964	31,229	29,555	22%	
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T3.5.6

Chapter 3

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

3.6.1 INTRODUCTION FREE BASIC SERVICES AND INDIGENT SUPPORT

The following table indicates the percentage of indigent households that have access to free basic municipal services. In accordance with the approved indigent policy of the municipality the following qualifying criteria apply: a household where the combined or joint gross income of all occupants/residents/dependents, over the age of 18 years or who have potential earning capacity, is less than twice the monthly pension grant and can no longer afford to pay for the services provided by the council (subject to verification by Ward Councillor in consultation with the Ward Committee). The "Spouse support/Care Grant" or "Child support Grant" should not be added to the Indigent Qualifying income threshold. The municipality provides the following Free Basic Services to indigent households:

Water: 6kl (all households)

Electricity: 70kwh

Weekly refuse Removal

Free Sanitation

The table below indicates the number of households that have access to free basic services:

Free Basic Services To Low Income Households										
	Number of households									
	Total	Households earning less than R1,100 per month								
		Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse		
		Total	Access	%	Access	%	Access	%	Access	
2012/2013	21527	6000	5636	94%	5483	91%	1032	17%	5638	94%
2013/2014	28884	3588	5466	152%	3173	88%	5327	148%	5464	152%
2014/2015	28884	3599	3626	101%	3478	97%	1780	49%	3578	99%
T3.6.3										

Please note that TWK Municipality does not provide Electricity in all 8 towns - Eskom provide in Grabouw, Genadendal, Botriver and Tessaarsdal.

Chapter 3

3.6.2 FINANCIAL PERFORMANCE: FREE BASIC SERVICES DELIVERY

Financial Performance: Cost to Municipality of Free Basic Services Delivered					
R '000					
Services Delivered	2013/14	2014/15			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	2331	6,918	6,918	1,474	79%
Waste Water (Sanitation)	3746	5,651	5,651	4,386	22%
Electricity	2681	2,488	2,488	3,510	-41%
Waste Management (Solid Waste)	4794	7,407	7,407	4,716	36%
Total	13552	22,463	22,463	14,086	37%
					T3.6.4

In line with the objective of creating a vibrant and growing Municipality, the indigent policy is also aligned to the principles of Batho-Pele. Batho-Pele is also about ensuring that the resources available are used to the best possible extent, eliminating wasteful and expensive procedures and reducing unnecessary expenditure on inefficient processes and systems.

The extent of the monthly support will be determined by the council's budgetary provisions and/or the amount received from central government. The relevant services include:

- water
- refuse collection
- electricity
- sewerage

The first R100 000 of the value of an indigent house is exempt from property rates

The council will assess the level of support annually during the annual budget compilation and the level of indigent support shall not exceed the monthly billings to the account.

Water leakages at indigent households premises will be fixed by Council at no cost provided that leaks is reported (completing of a leaks register at the local town office) Great savings on water losses were affected by these actions.

Sewerage blockages may be effected free of charge at indigent households.

Pre-paid electricity and water flow limited meters were installed in all indigent households at no cost to the consumer.

The free basic services were funded from the "equitable share" grant received from National Treasury plus an amount from the municipality's own income as budgeted for in the financial year under review.

Chapter 3

COMPONENT B: ROAD TRANSPORT

This component includes: roads; transport; and waste water (stormwater drainage).

3.7 ROADS

3.7.1 INTRODUCTION TO ROADS

The municipality have the mandate from Government to perform all relevant services regarding roads and storm water in those areas included within its jurisdiction. Roads outside the town areas are still the responsibility of the Overberg District Municipality.

The municipality have updated its Pavement Management System (PMS) and the system is used as a network level tool.

Due to ageing of current infrastructure the focus has shifted from only upgrading of roads from gravel to paved, and now also includes rehabilitation, resealing and maintenance projects funded out of capital funding.

Roads are being upgraded on a contract basis. A five year maintenance programme with priorities and budgets is available in the PMS as well as Integrated Transport Plan. There is little provision for pedestrian and bicycle travel in the municipal area apart from conventional sidewalks in the central business districts. There are no facilities on rural roads for non-motorized transport.

3.7.2 GRAVEL ROAD INFRASTRUCTURE

Gravel Road Infrastructure				
	Kilometres			
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
Year 2012/13	96	0	0	96.4
Year 2013/14	98.80		0.80	98.0
Year 2014/15	93.00	0.00	1.09	93.0

3.7.3 TARRED ROAD INFRASTRUCTURE

Asphalt Road Infrastructure					
	Kilometres				
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
2012/13	164	0.3	7	0	
2013/14	161	0	161	2	80
2014/15	171	0	0	0	0

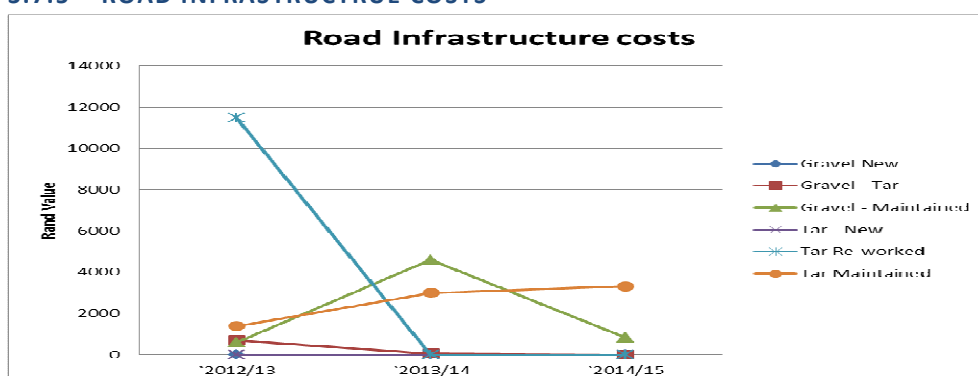
Chapter 3

3.7.4 COST OF CONSTRUCTION/MAINTENANCE

Cost of Construction/Maintenance

	R' 000					
	Gravel			Tar		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
2012/13	0	700	591	0	11500	1379
2013/14	0	50	4600	0	0	3000
2014/15	0	0	830	0	0	3320

3.7.5 ROAD INFRASTRUCTURE COSTS



3.7.6 EMPLOYEES: ROAD SERVICES

Employees: Road Services					
Job Level	2012/13	2013/14			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	74	35	35		0%
4 - 6	21	5	5		0%
7 - 9	7	3	3		0%
10 - 12	-	-	-	-	-
13 - 15	-	-	-	-	-
16 - 18	-	-	-	-	-
19 - 20	-	-	-	-	-
Total	102	43	43	0	0%

Chapter 3

3.7.7 FINANCIAL PERFORMANCE: ROAD SERVICES

Financial Performance : Road Services					
R'000					
Details	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	5,340	5,601	6,684	5,078	24%
Expenditure:					
Employees	12,732	14,567	14,567	13,687	6%
Repairs and Maintenance	5,208	6,224	7,432	7,618	-3%
Other	7,684	9,178	8,716	7,395	15%
Total Operational Expenditure	25,624	29,968	30,715	28,700	7%
Net Operational Expenditure	20,283	24,367	24,031	23,621	2%
Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Adjustment Budget and the Actual divided by the Adjustment Budget					T3.7.8

3.7.8 CAPITAL EXPENDITURE: ROAD SERVICES

Capital Expenditure: Road Services					
R' 000					
Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	3,263	4,588	3,303	1%	
Resurfacing - Recealing of Ou Kaapse Weg	300	300	200	-50%	
Upgrading of Road Networks - Savory, Gaffley, Jan van Eck & Felix Street	723	726	755	4%	
Resurfacing - Recealing of Theewaterskloof Single	100	100	94	-6%	
Upgrading of Road Networks - Erica & Street 7	400	401	359	-11%	
Upgrading of Road Networks - Bree & Pleinstreet	350	352	348	-1%	
Resurfacing - Recealing of Church, Dommisse & Myburghstreet	100	100	66	-51%	
Resurfacing - Recealing of Park Street	100	100	106	6%	
Upgrading of Road Networks - Lyle, Medusa & Kosmos Street	450	435	423	-7%	
Upgrading of Road Networks - Fucia, Hibiscus & Seymour Street	740	747	744	1%	
Tesselaarsdal Stormwater	—	946	—	—	
Upgrade of bulk stormwater for Low cost Housing Villiersdorp 251 IRDP project	—	380	209	100%	
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T3.7.9

Chapter 3

3.7.9 COMMENT ON THE PERFORMANCE OF ROADS OVERALL

The total length of paved road network is 171.9km with an estimate replacement of R583 million and length of gravel roads is 92.9km. The current network conditions can be rated as good to poor. With the expected remaining life of the surfaces and structures are 5-9 years.

Many roads in the informal settlement of Grabouw, Villiersdorp and Botrivier are fair to poor. The conditions of these roads in the identified informal areas are in the process of being upgraded through the Human Settlements Programs which are currently being implemented.

3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

Theewaterskloof Municipality has no subsidized public transport services hence; this transport is provided by privately owned/operated minibus taxis. A number of school contracts are in operation in the jurisdiction.

With respect to non-motorized transport, there is generally little provision for pedestrian and bicycle travel in the municipal area other than the conventional sidewalks in the central business districts. These sidewalks are however in a poor condition due to limited resources. There are no facilities on rural roads for non-motorized transport.

Various sidewalks were constructed and upgraded in the various towns. This project was initiated through the Integrated Transport Plan as part of bettering our Public Transportation system.

3.9 STORMWATER DRAINAGE

3.9.1 STORMWATER DRAINAGE

Storm water maintenance is done by operations department. Maintenance on storm water is done in warmer months to prevent damage during the rainy season. Storm water networks were upgraded as part of the Roads Upgrading Programme.

Storm water network comprises of a piped system and open drainage channels. The drainage system is in a fair condition with some instances of poor conditions. There are still some areas where there are no formal drainage networks and this causes flooding during winter. The upgrading of roads however contributes to the addressing of this backlog as storm water drainage is installed together with the construction of roads.

The misuse of the storm water system remains a matter of concern. Blockages that cause flooding frequently occur due to foreign objects entering drainage pipes. Maintaining and cleaning the system is an ever increasing expense and effort.

The storm water master plan has been updated during the 2014/15 financial year by consulting engineers.

Challenges:

Chapter 3

With respect to storm water management, the following challenges are experienced by the municipality:

- Very wide Jurisdiction
- Wide spread storm water area
- Inadequate on non-existent storm water systems in towns
- Continuous flooding has created a huge backlog
- EIA process takes a lot longer than anticipated

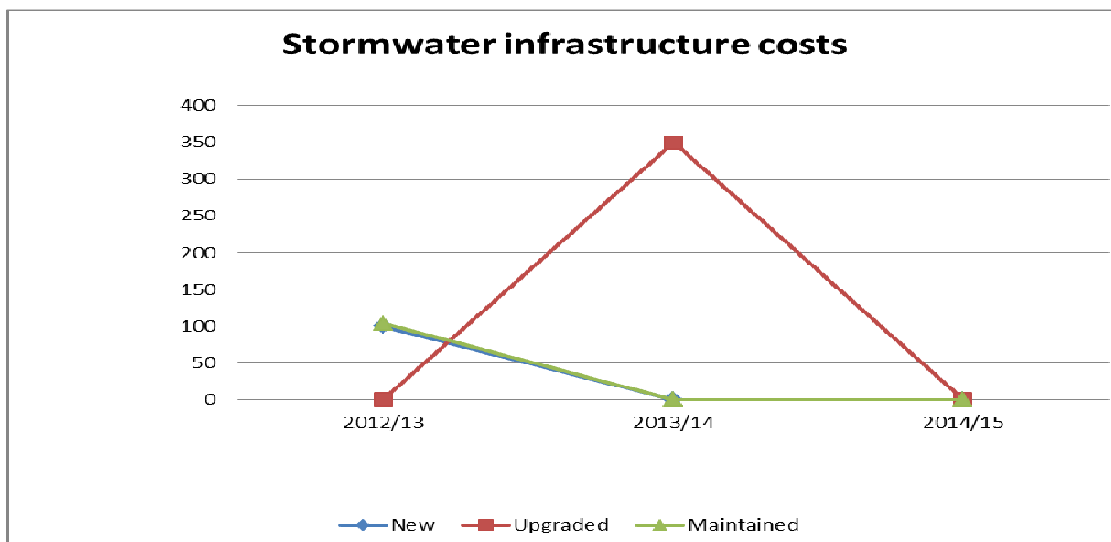
3.9.2 STORMWATER INFRASTRUCTURE

Stormwater Infrastructure				
Kilometres				
	Total Stormwater measures	New stormwater measures	Stormwater measures upgraded	Stormwater measures maintained
2011/12	161	2.0	1.0	158
2012/13	161	0.0	300.0	n/a
2013/14	0	0	0	0

3.9.3 COST OF CONSTRUCTION/MAINTENANCE

Cost of Construction/Maintenance			
R' 000			
	Stormwater Measures		
	New	Upgraded	Maintained
2012/13	100	0	104
2013/14	0	350	0
2014/15	0	0	0

3.9.4 STORMWATER INFRASTRUCTURE COST



Chapter 3

3.9.5 EMPLOYEES: STORMWATER SERVICES

Employees: Stormwater Services: STORMWATER					
Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	55	24	24	-	0%
4 - 6	9	5	5	-	0%
7 - 9		3	3	-	0%
10 - 12	3	-	-	-	-
13 - 15	-	-	-	-	-
16 - 18	-	-	-	-	-
19 - 20	-	-	-	-	-
Total	67	32	32	0	0%

3.9.6 FINANCIAL PERFORMANCE: STORMWATER SERVICES

Financial Performance : Stormwater Services					
R'000					
Details	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					-
Expenditure:					-
Employees					-
Repairs and Maintenance					-
Other					-
Total Operational Expenditure	0	0	0	0	-
Net Operational Expenditure	0	0	0	0	-
Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T3.9.7

Chapter 3

COMPONENT C: PLANNING AND DEVELOPMENT

3.10 INTRODUCTION TO PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

While the Municipality remains committed to strengthening its economy limited infrastructure capacity, limited land holdings and a lack of finances mean that the state's ability to drive economic growth are limited. As such the key focus for economic growth needs to be partnerships with the private sector and investors.

The municipality has performed well in terms of the LED maturity assessments and existing investors all speak highly of the municipal staff.

Yet red tape remains a key barrier to investors.

The establishment of the development support team is an attempt to address this barrier.

Its success will depend on the new turnaround time for development applications and related investment proposals.

Addressing unemployment in the context of global, national and regional economies whose labour demands are contracting is hugely challenging. Further the number of young people dropping out of schools between the ages of 14 and 17 reducing young people's chances of finding employment even further. In most instances those who do drop out of schooling lacked foundational phase education. Theewaterskloof have leveraged national programmes, NARYSEC, EPWP and CWP along with provincial programmes, Skill to Work and PAY to provide support for young people to secure employment. To sustainability address the unemployment crisis interventions need to start with ECD and schooling interventions.

3.10.1 INTRODUCTION TO PLANNING

Section 156(1) of the Constitution of the Republic of South Africa, Act 108 of 1996, confers on municipalities the executive authority and the right to administer municipal planning.

Section 156(2) of the Constitution empowers municipalities to make and administer by-laws for the effective administration of municipal planning.

Section 155(6) of the Constitution charges each provincial government with the responsibility inter alia to support local government in its province and to promote the development of local government capacity to enable municipalities to perform their functions and manage their own affairs.

The following challenges are experienced:

1. Land use control in the municipal sphere was undertaken in terms of the Land Use Planning Ordinance. The Constitution empowered municipalities to adopt by-laws for local government matters over which they have executive authority (e.g. municipal planning).
2. The fact that municipalities were consolidated in the year 2000 and that several formerly independent municipalities were amalgamated into one "new" entity necessitated the compilation of new regulations, or, as they are now called, "by-laws".

Chapter 3

3. Theewaterskloof Municipality comprises the rural areas and the former municipalities of Caledon, Villiersdorp, Grabouw, Riviersonderend and Greyton, as well as the hamlets formerly served by the Overberg District Council (i.e. Middleton, Genadendal and Tesselaarsdal).
4. When municipalities were consolidated in the year 2000, several formerly independent municipalities were amalgamated into one entity. The approved Integrated Zoning Scheme was published in Provincial Government Gazette 6875 of 13 May 20

3.10.2 APPLICATIONS FOR LAND USE DEVELOPMENT

Applications for Land Use Development						
Detail	Formalisation of Townships		Rezoning		Built Environment	
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15
Planning application received	1	4	13	17	72	81
Determination made in year of receipt	1	2	17	16	83	93
Determination made in following year	-	-	-	-	-	-
Applications withdrawn	-	-	-	-	1	-
Applications outstanding at year end	-	2	-	-	-	35

3.10.3 EMPLOYEES: PLANNING SERVICES

Employees: Planning Services					
Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	-	-	-	-	-
4 - 6	-	1	1	-	0%
7 - 9	2	3	2	1	33%
10 - 12	4	5	5	-	0%
13 - 15	2	3	3	-	0%
16 - 18	-	-	-	-	-
19 - 20	-	-	-	-	-
Total	8	12	11	1	8%

Employees: IDP					
Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	-	-	-	-	-
4 - 6	-	-	-	-	-
7 - 9	-	1	1	-	0%
10 - 12	1	-	-	-	0%
13 - 15	-	1	1	-	0%
16 - 18	1	-	-	-	0%
19 - 20	-	-	-	-	-
Total	2	2	2	0	0%

Chapter 3

3.10.4 FINANCIAL PERFORMANCE: PLANNING SERVICE

Financial Performance : Planning Services					
Details	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	(1 885)	(2 026)	(2 110)	(1 932)	8%
Expenditure:					
Employees	4,070	4,588	4,685	4,516	4%
Repairs and Maintenance	–	–	–	–	–
Other	528	735	646	1,731	-168%
Total Operational Expenditure	4,597	5,323	5,331	6,248	-17%
Net Operational Expenditure	6,482	7,349	7,441	8,180	-10%
<i>Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Adjustment Budget and the Actual divided by the Adjustment Budget.</i>					T3.10.5

3.10.5 CAPITAL EXPENDITURE: PLANNING SERVICE

Capital Expenditure : Planning Services					
Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	458	793	733	8%	
Inventory: Development					
Admin	68	68	37	45%	
GIS Development Admin	390	726	696	4%	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					T3.10.6

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

3.11.1 INTRODUCTION TO ECONOMIC DEVELOPMENT

Enterprise Development:

The office receives approx. 25 “walk ins” looking for advice, guidance and mentorship in terms of SMME. Interventions required range from referrals to one on one consultation sessions.

The large number of clients is looking for advice and a listening ear, often it's also a strategic direction for their business. The importance of networks and support groups for SMMEs is still underestimated.

Chapter 3

Best practice model is Grabouw's Bizz Junction where entrepreneurs are encouraged to meet monthly and discuss their successes and challenges in a supportive group environment. That model was introduced to Villiersdorp last year, it still remains to be seen if a local champion takes up this opportunity to facilitate such network.

Partnership with Lateral Unison and their Socio-Corporate Investment budget secured funding of R20 000 each to 4 businesses. 2 in Caledon and 2 in Grabouw. The funder will be conducting monitoring and evaluation on the grant funding.

Additional partnership with Biotherm has generated R50 000 in grant funding for participant of the Biggest Deal Challenge. Overberg Agri has come on board with the main prize sponsorship of the Biggest Deal Challenge winners for 2015 - R10 000

The revised LED strategy has been adopted on the 17th June and Council took cognisance of the identified projects and initiatives as the focus areas for the near future. The strategy has been designed in such a way as to serve as a marketing and investment promotion document to entice development and provide social and economic data on the area, at a glance.

LED Maturity Assessment November 2014

Theewaterskloof Municipality has received 1st Place in the Western Cape. We are very proud of the achievement and hope to retain our place for the next term of evaluations.

Biggest Deal

Five (5) children were selected to go to Sweden in February, the logistical arrangements for their travel documents and visas were a cumbersome process where our officials (Cecil Davids) had to go through extraordinary measures to make it happen.

The trip was very successful, with our youths representing the municipality proudly. The opportunity for our youths to present their businesses to Swedish audience made us realise that they were far more mature and entrepreneurially minded than their Swedish counterparts.

They have shown commitment and maturity of character and we trust that this was an opportunity of a lifetime to all five of them.

Tourism:

- The Cape Country Meander held its AGM on the 12th Feb, where a new board was elected.
- The new board has enthusiastically taken on their tasks and hosted their first strategic session on the 19th March.
- As one of the first initiatives, they intend to strengthen the brand of the TCCM, establish uniform 'look and feel' for the tourism offices, address transformation within the sector and increase TCCMs presence through trade shows and streamlined marketing messages.
- It is envisaged that TCCM, registered as section 21 will sign Service Level Agreement with the municipality and will be the official implementing agent of tourism related activities, such as attendance in trade shows, website, development and distribution of marketing material, transformation, training and skills development.
- Service Level Agreements have been developed and TCCM has officially been adopted by Council as the implementation agent of the tourism strategy in Theewaterskloof.

Chapter 3

Emerging Farmers :

- Meetings with DG for Agriculture took place in February , where all heads of departments were present and could engage with us on projects in our area
- In addition we have been attending the District wide DoA meetings in Bredasdorp, where managers of subprograms meet monthly.
- ToR for the Small Farmer Committee was developed and adopted by management, this was presented at the District DoA meeting and commitment received to nominate representatives to serve on the committee.

3.11.2 ECONOMIC ACTIVITY BY SECTOR

“TWK Economy Sectoral composition 2011 (%)”

Agriculture, forestry and fishing	21.3%
Mining and quarrying	0.0%
Manufacturing	15.4%
Electricity, gas and water	1.4%
Construction	6.0%
Wholesale and retail trade, catering and accommodation	8.8%
Transport, storage and communication	5.8%
Finance, insurance, real estate and business services	30.1%
Community, social and personal services	3.4%
General government	7.7%

Source: WC Government Provincial Treasury, WC Regional Development Profile Overberg District, 2013

3.11.3 ECONOMIC EMPLOYMENT BY SECTOR

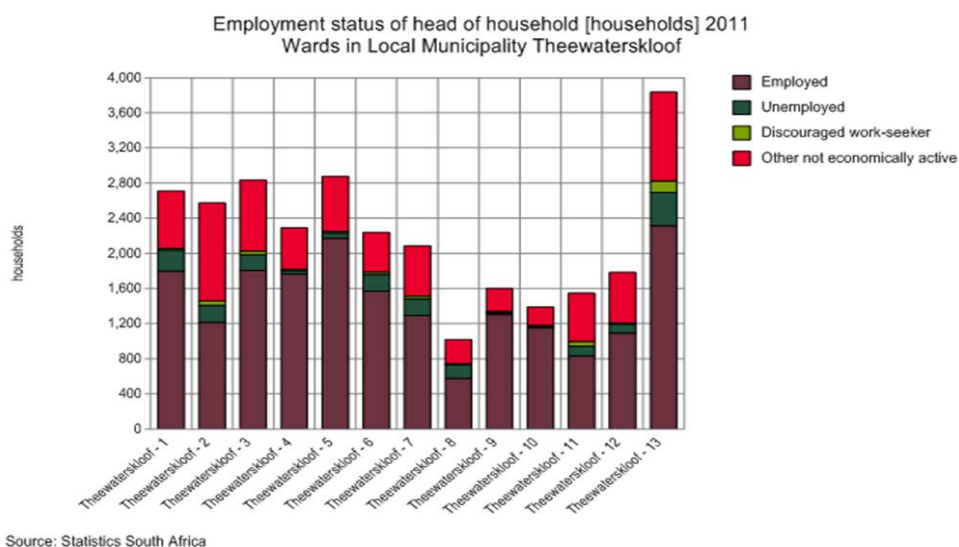
Employment by sector: [persons] 2011 Local Municipality: Theewaterskloof (benchmarked to Overberg District)

Sector	Theewaterskloof	Overberg District
In the formal sector	31,357	70,745
In the informal sector	7,332	15,071
Private household	1,438	7,028
Type of sector Do not know	1,062	2,710
Type of sector Not applicable	67,601	162,622

Source: Statistics South Africa 2011

Chapter 3

3.11.4 EMPLOYMENT STATUS OF HEAD OF HOUSEHOLD PER WARD (2011)



3.11.5 JOBS CREATED THROUGH EPWP

Job creation through EPWP* projects

Details	EPWP Projects	Jobs created through EPWP projects
	No.	No.
Year 2013/14	41	357
Year 2014/15	18	189

* - Extended Public Works Programme

3.11.6 EMPLOYEES: LOCAL ECONOMIC DEVELOPMENT SERVICES

Employees: Local Economic Development Services					
Job Level	2012/13	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	-	-	-	-	-
4 - 6	-	-	-	-	-
7 - 9	-	-	-	-	-
10 - 12	1	2	2	-	0%
13 - 15	1	1	0	1	100%
16 - 18	-	-	-	-	-
19 - 20	-	-	-	-	-
Total	2	3	2	1	33%

Chapter 3

3.11.7 FINANCIAL PERFORMANCE: LOCAL ECONOMIC DEVELOPMENT SERVICES

Financial Performance : Local Economic Development Services					
R' 000					
Details	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	487	-	612	72	88%
Expenditure:					
Employees	1,669	2,117	2,117	1,939	8%
Repairs and Maintenance	7	7	9	7	17%
Other	1,269	924	1,532	810	47%
Total Operational Expenditure	2,945	3,048	3,657	2,756	25%
Net Operational Expenditure	2,459	3,048	3,045	2,684	12%
Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Adjustment Budget and the Actual divided by the Adjustment Budget.					T3.11.9

3.11.8 CAPITAL EXPENDITURE: LOCAL ECONOMIC DEVELOPMENT SERVICES

Capital Expenditure: Local Economic Development Services					
R' 000					
Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All				-	
Project A				-	
Project B				-	
Project C				-	
Project D				-	
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T3.11.10

Chapter 3

COMPONENT D: COMMUNITY & SOCIAL SERVICES

This component includes: libraries and archives; museums arts and galleries; community halls; cemeteries and crematoria; child care; aged care; social programmes, theatres.

3.12 LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

3.12.1 LIBRARY: HIGHLIGHTS/CHALLENGES AND SERVICES STATISTICS

Library Services

Library budget (Salaries and Operating costs):

Before 2009 all the library services in the different towns was funded by the municipality and hence known as an unfunded mandate. Since 2009 Provincial Library Service made funding available for salaries of the temporary staff at the libraries which was then known as Conditional Grant.

As from 2011 the salary of the permanent staff as well as the operational cost were also funded by the Provincial Library Service Department and was named the Municipal Replacement Funding.

Currently all costs incurred by library services are now funded by the Provincial Library Service Department.

Internet facilities

Apart from the CG and MRF grant made available by Provincial services, access to internet has also been made available to the public. Computers with internet connection have subsequently been installed at all of the libraries in the different towns. These amongst many other advantages now enable school learners to do research on the internet for their school projects.

Upgrading of Oostergloed library

In order to make this library more “user friendly” the amount of ±R70 000 (seventy thousand rand) was spent to upgrade the inside of this facility.

Appointment of temporary staff on Fixed Term Contracts

Temporary library personnel used to be appointed on a one year basis which does not allow for continuity. As from 2014/ 2015 financial year Department Cultural Affairs and Sport (DCAS) made funds available to appoint these workers on a three year fixed term contract which then was implemented from June 2015.

Tesselaarsdal Library building

Chapter 3

During past IDP engagements with the community of Tesselaarsdal, the need for a library was highlighted as a priority item. Subsequently DCAS made funds available to purchase a property which is situated next to the school hence ideal to service the learners as well as the community for this town. The property still needs to be upgraded to a fully operational library but this will all be funded by DCAS.

Challenges

The Library budget needs to address the items where this funding was intended to be utilised.

Library Service to be rolled out to remote areas especially farms and other settlements like Bereaville

3.12.2 EMPLOYEES: LIBRARY SERVICES

Employees: Libraries					
Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	-	-	-	-	-
4 - 6	14	14	14	-	0%
7 - 9	5	7	5	2	29%
10 - 12	2	2	2	-	0%
13 - 15	-	-	-	-	-
16 - 18	-	-	-	-	-
19 - 20	-	-	-	-	-
Total	21	23	21	2	9%

3.12.3 FINANCIAL PERFORMANCE: LIBRARY SERVICES

Financial Performance: Libraries					
Details	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	5,636	5,656	5,933	5,672	4%
Expenditure:					
Employees	4,321	4,749	4,820	4,758	1%
Repairs and Maintenance	341	166	276	205	26%
Other	618	687	364	304	17%
Total Operational Expenditure	5,280	5,602	5,460	5,266	4%
Net Operational Expenditure	(356)	(54)	(473)	(406)	14%
Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Adjustment Budget and the Actual divided by the Adjustment Budget.					T3.52.5

Chapter 3

3.12.4 CAPITAL EXPENDITURE: LIBRARY SERVICES

Capital Expenditure: Libraries					
R' 000					
Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	61	528	167	68%	
Inventory Libraries	61	218	167	23%	
Purchase Library House	–	310	–	100%	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T3.52.6

3.13 CEMETORIES AND CREMATORIUMS

3.13.1 INTRODUCTION CEMETORIES AND CREMATORIUMS

Theewaterskloof consists of 8 towns and each town has its own cemetery. Some towns for example Grabouw and Caledon had an influx of people to an extent that the present cemeteries became saturated and new land needed to be identified for expansion.

Cemeteries are as follows:

- Caledon
- Riviersonderend
- Tesselaarsdal
- Botriver
- Grabouw
- Villiersdorp
- Greyton and Genadendal

The top priority of cemeteries is the provision of land for burial services; however with very little land available providing land for cemeteries is becoming a problem.

Chapter 3

3.13.2 FINANCIAL PERFORMANCE: CEMETORIES

Financial Performance: Cemeteries and Crematoriums					
R'000					
Details	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	477	498	498	484	3%
Expenditure:					
Employees	–	–	–	–	#DIV/0!
Repairs and Maintenance	328	403	433	386	11%
Other	41	162	52	32	38%
Total Operational Expenditure	369	565	485	418	14%
Net Operational Expenditure	(108)	67	(13)	(66)	-416%
Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Adjustment Budget and the Actual divided by the Adjustment Budget.					T3.55.5

3.13.3 CAPITAL EXPENDITURE: CEMETORIES

Capital Expenditure : Cemeteries					
R' 000					
Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	–	794	14	98%	
Cemetery Caledon	–	401	–	100%	
Cemetery Grabouw	–	393	14	97%	
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T3.55.6

3.13.4 COMMENT ON THE PERFORMANCE OF CEMETERIES AND CREMATORIUMS

Two capital projects have worked on for the last two years, these projects entails the development of the new cemeteries namely:

- Extension of Caledon cemetery; and
- Extension of Grabouw Cemetery.

Two full EIAs were conducted during these processes and will only be completed in 2016 the total budget is as follows, Caledon R500 000 Grabouw R600 000.

Chapter 3

3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

3.14.1 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

Social Development Programmes

Early Child Development Centres

- Kids International Day hosted in Botrivier, where 190 children participated in the event. Children from all the ECD centres in Botrivier participated in children's day activities, where DSD, road and community safety presented programs and entertained the children with activities.
- ECD Indaba was hosted at ELF in October, where all the ECDs were invited to learn about the norms and standards when establishing an ECD.
- In partnership with the fire department, Learn not to Burn program was introduced to 60 ECD practitioners, presenting them with material and tools to prevent fires.
- Audit of ECDs conducted in Villiersdorp, this one part of the VPUU program, this audit allows us to track and engage with child carers and crèches in the area, even if they are not registered on the Dept of Social Development's data base.
- The next step is to develop an ECD strategy for Villiersdorp which we will be able to replicate in other towns.
- Despite the strategic support our unit is providing to the sector we encounter challenges in capacity, governance, financial management and clear objectives of some of the facilities.
- The drive and enthusiasm of the ECD staff is varied and best practices are in places where the facility is run as a business.
- Humpty Dumpty crèche in Tesselaarsdal has been equipped with everything needed to make them compliant, yet they are unable to follow through with the registration process due to lack of champion on their side.
- We mobilising Corporate Social investment towards the sector through close engagements with large companies.

Youth

- Youth in Waste : 19 youth have been placed in the Youth in Waste program, whereby they receive 24 months training & practical experience up to level NQF4 as well as stipend for the duration of the program. The youths are placed by our local Environmental Officer in various posts throughout TWK. The program is sponsored by Department Environmental Affairs and Forestry.
- This program has now been housed in the Directorate Technical and Johan Viljoen is the champion for the project.
- 24 students out of the 46 candidates were successful in being placed at Chrysalis Academy - a program run by the Department of Community Safety.
- In partnership with NGO sector, Youth Day expo was hosted in December - promoting skills and training opportunities to youths.
- Drug Action Committees are operational in RSE and Grabouw, with Villiersdorp and Caledon being still in the establishment phase.
- The Drug Action Committee Grabouw has developed an action plan which they will present at the next LDAC meeting in April.

Chapter 3

COMPONENT E: ENVIRONMENTAL PROTECTION

This component includes: pollution control; biodiversity and landscape; and costal protection.

3.15 POLLUTION CONTROL

3.15.1 INTRODUCTION TO POLLUTION CONTROL

Pollution control/Air Quality function is being performed in line with Overberg District Municipality's approved Air Quality Management Plan. Theewaterskloof municipality does not have the capacity (financial and human) to develop its own AQMP and to implement such a plan. This shortcoming was reported to the Minister.

Overberg District Municipality is the licensing authority in terms of NEM: AQA (Act No 39 of 2004) to issue Atmospheric Emission License for Listed Activities, which include the following:

- Review of the Atmospheric Emission licenses received from the Listed Activities Industries
- Investigating Air Quality related complaints within the Overberg District Region.
- Developing the Overberg District Municipality Air Quality by-law.
- ODM have an interim air quality officer for air quality function that is assisted by four officials, one from each sub district.

Overberg District Municipality also attends yearly Provincial Air Quality Officer's Forum.

3.15.2 FINANCIAL PERFORMANCE: POLLUTION CONTROL

Financial Performance: Pollution Control					
Details	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	–	–	–	–	–
Expenditure:					
Employees	–	–	–	–	–
Repairs and Maintenance	15	20	20	2	92%
Other	18	30	30	4	85%
Total Operational Expenditure	33	50	50	6	88%
Net Operational Expenditure	33	50	50	6	88%
<i>Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Adjustment Budget and the Actual divided by the Adjustment Budget.</i>					T3.59.5

Chapter 3

3.16 BIO-DIVERSITY; LANDSCAPE (INCL.OPEN SPACES); AND OTHER (EG. COASTAL PROTECTION)

3.16.1 INTRODUCTION TO BIO-DIVERSITY; LANDSCAPE

Biodiversity is the protection of all biodiversity in and around Nature Reserves and open spaces as well as all commonage land this pros protection of Biodiversity are managed in conjunction with Cape Nature, NGOs and other governmental partners. Biodiversity is protected under NEMA, NEMBA and the Biodiversity by law. All these laws are there to protect and preserve all living things and set out rules for engaging with the environment.

No capital budget was spent and the available budget was spent on maintenance project like the alien clearing and arboriculture.

COMPONENT F: HEALTH

3.17 CLINICS

Health services are managed by the provincial health department.

3.18 AMBULANCE SERVICES

Ambulance services are provided by the Overberg District Municipality.

3.19 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC

Service is provided by the Overberg District Municipality.

Chapter 3

COMPONENT G: SECURITY AND SAFETY

This component includes: police; fire; disaster management, licensing and control of animals, and control of public nuisances, etc.

3.20 TRAFFIC

3.20.1 EMPLOYEES: TRAFFIC OFFICERS

Employees: Traffic					
Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	-	3	3	-	0%
4 - 6	3	10	10	-	0%
7 - 9	37	28	28	-	0%
10 - 12	5	11	8	3	27%
13 - 15	1	4	4	-	0%
16 - 18	-	-	-	-	-
19 - 20	-	-	-	-	-
Total	46	56	53	3	5%

3.21 LAW ENFORCEMENT

3.21.1 LAW ENFORCEMENT: HIGHLIGHTS/CHALLENGES AND SERVICE STATISTICS

Highlights	Description
By law Enforcement	<ul style="list-style-type: none"> Law Enforcement has a program eMIS in place to record all law enforcement related cases/queries received. The eMIS system is a job card system which assist the department in ensuring that all cases/queries received are attended to, completed and feedback is provided to the public. A monthly report is drawn for record purposes and to see if cases are adhering to. Traffic Law Enforcement Aggressive Speed Law Enforcement took place ANPR roadblocks conducted to finalise outstanding warrants Aggressive by-law enforcement The service was restructured as from July 2014

Chapter 3

3.21.2 FINANCIAL PERFORMANCE: TRAFFIC AND LAW ENFORCEMENT

Financial Performance : Traffic and Law Enforcement					
R'000					
Details	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	30,022	14,422	24,372	25,330	-4%
Expenditure:					
Employees	10,028	11,317	11,317	10,960	3%
Repairs and Maintenance	474	584	577	428	26%
Other	20,376	3,724	18,602	19,298	-4%
Total Operational Expenditure	30,879	15,625	30,496	30,687	-1%
Net Operational Expenditure	857	1,203	6,124	5,357	13%
<i>Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Adjustment Budget and the Actual divided by the Adjustment Budget.</i>					T3.65.5

3.21.3 LAW ENFORCEMENT: CHALLENGES

Challenges	Actions to Address
Shortage of permanent staff	<ul style="list-style-type: none"> EPWP contract staff was appointed to fulfill law enforcement operational needs. Of the 20 students/wardens appointed no one is left in service, all of them has sort alternative employment More appointments are required. Partnerships and new programs to be investigated and implemented.
Public ignorance towards by-laws	<ul style="list-style-type: none"> Awareness campaigns Aggressive patrolling's in terms of high visibility (foot patrols etc.). Consistent operations throughout the whole TWK jurisdiction. Busy Implementing Law Enforcement Strategy and Community Safety Plan Existing by-laws were reviewed and new by-laws were promulgated
Vehicle shortage	<ul style="list-style-type: none"> Fleet Management to budget and procure additional vehicles
Impoundment of animals	<ul style="list-style-type: none"> Vehicle shortage to impound animals Upgrading of pound New by-law were work shopped with the public and by-law is promulgated Animal pound was established and is operational.
Shortage of communication systems	<ul style="list-style-type: none"> Cell phones, two way hand radio's to be budgeted for Budget needed for communication infrastructure
Protective tools	<ul style="list-style-type: none"> Firearms, bullet proofs, handcuffs, Tomfa
Training	<ul style="list-style-type: none"> Crowd control to assist with marches Firearm training Self-defense training Client services and conflict management training
Taxi violence	<ul style="list-style-type: none"> Taxi Pound were established Integrated public transport operations Provincial support
Vandalism	<ul style="list-style-type: none"> Reward for information policy approved by Council

Chapter 3

3.22 DISASTER MANAGEMENT

3.22.1 INTRODUCTION TO DISASTER MANAGEMENT

Disaster Management is to provide blankets, food and shelter during disaster incidents in mostly informal structural areas. Preventative mitigation measures are also done by managing and maintaining rivers and other natural areas to prevent disaster events as far as possible.

Disaster management performed well within its limitations and budget restraints.

3.22.2 EMPLOYEES: DISASTER MANAGEMENT

Employees: Disaster Management					
Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	-	-	-	-	-
4 - 6	-	-	-	-	-
7 - 9	-	-	-	-	-
10 - 12	-	-	-	-	-
13 - 15	1	1	1	0	0%
16 - 18	-	-	-	-	-
19 - 20	-	-	-	-	-
Total	1	1	1	0	0%

3.22.3 FINANCIAL PERFORMANCE: DISASTER MANAGEMENT

Financial Performance: Disaster Management					
Details	2013/14	2014/2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	-
Expenditure:					
Fire fighters	-	-	-	-	-
Other employees	-	-	-	-	-
Repairs and Maintenance	608	400	400	395	1%
Other	56	120	135	40	70%
Total Operational Expenditure	664	520	535	435	19%
Net Operational Expenditure	664	520	535	435	19%
Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Adjustment Budget and the Actual divided by the Adjustment Budget.					T3.66.5

Chapter 3

COMPONENT H: SPORT AND RECREATION

This component includes: community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites.

3.23 SPORT AND RECREATION

3.23.1 SPORT AND RECREATION: HIGHLIGHTS/CHALLENGES AND SERVICES

There were quite a number of sport facilities that were upgraded or even constructed from scratch regardless of the limited amount of funding.

Caledon:

At the **Caledon rugby sport grounds** the playing surface for both the rugby as well as the soccer fields were treated with top soil. One of the main successes during this period must surely be the Vodacom rugby match between Boland and Western Province that took place in 21 March 2015 at the Caledon rugby sport grounds. This was only made possible due to the high standard of our rugby sport facility at Caledon which was also confirmed by the executive committee of Boland rugby Union. In order to meet all the requirements to host this Vodacom match, the ablution/ cloak room was also revamped.

Villiersdorp:

The highlight over the past nine years must surely be the construction of an entirely new sport facility to the amount of R18 million at Villiersdorp. This money was made available through the MIG process after successful application for this funding. This project started in early 2014 and should be completed during the final part of 2015. This facility will cater for rugby, soccer as well as netball with proper drainage, fencing, floodlights, irrigation and also an ablution/ cloakroom facility. If all goes according to plan, the official opening of this facility will be with the start of the 2016 rugby season.

Grabouw:

The sport grounds at Pineview Park do have amongst other serious problem with drainage especially during the winter season which results in matches to be cancelled or moved to another rugby field. In order to address the shortcomings at this facility, Lyners Engineering has been appointed to do a cost analysis to upgrade this facility. This report has been submitted to MIG in order to apply for funding to upgrade this facility once approved.

Botriver Education Foundation:

The Botriver Education Foundation (BEF) was established 7 years ago by the community of Botriver. The aim of this initiative is to have an annual mountain bike and trail run event whereby funding is generated which is then used as tuition fee for students that excel especially in mathematics and science. This event shows an upward trend in terms of participants with world class athletes that have already made their appearance here.

Chapter 3

Theewaterskloof Municipality has become one of the main sponsors with not just sponsoring of money but also “in kind service” prior to and during this event.

Challenges

Sport plays a major role to assist with social stability in the community especially amongst the youth. The limited financial resource makes it extremely difficult to meet all the demands from the different sporting codes. There are still a few towns with rugby and soccer clubs but no proper facilities to cater for these codes, eg. Tesselaarsdal, Riviersonderend.

Rugby used to be the dominant sport in this area but with the growth in soccer the need for this type of facility has grown dramatically.

Sport codes and all other users thereof need to take ownership of the sport facilities as vandalism is the main threat to our assets costing thousands of rand to do repairs.

Only affiliated sporting codes should be allowed to make use of the sporting facilities. Where codes are not affiliated TWK will assist to get those codes associated with the relevant body. There must be aggressive search for partnerships that is willing to play a role with the development as well as maintenance of the facilities.

3.23.2 EMPLOYEES: SPORT AND RECREATION

Employees: Sport and Recreation					
Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	-	-	-	-	-
4 - 6	-	-	-	-	-
7 - 9	-	-	-	-	-
10 - 12	-	-	-	-	-
13 - 15	1	1	1	0	0%
16 - 18	-	-	-	-	-
19 - 20	-	-	-	-	-
Total	1	1	1	0	0%

Chapter 3

3.23.3 FINANCIAL PERFORMANCE: SPORT AND RECREATION

Financial Performance: Sport and Recreation					
R'000					
Details	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	(332)	75	(685)	(780)	-14%
Expenditure:					
Employees	4,198	4,518	4,518	4,457	1%
Repairs and Maintenance	1,646	1,893	2,046	1,982	3%
Other	552	969	943	671	29%
Total Operational Expenditure	6,396	7,380	7,507	7,109	5%
Net Operational Expenditure	6,728	7,305	8,192	7,889	4%
Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Adjustment Budget and the Actual divided by the Adjustment Budget.					T3.68.4

3.23.4 CAPITAL EXPENDITURE: SPORT AND RECREATION

Capital Expenditure : Sport and Recreation					
R' 000					
Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	3,466	11,425	10,469	8%	
Clubhouse for Caledon Pigeon Club	180	180	166	8%	0
Upgrade of Sport Facilities	3,286	11,245	10,303	8%	
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T3.68.5

3.23.5 EMPLOYEES: PARKS

Employees: Parks					
Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	29	29	29	0	0%
4 - 6	11	14	14	0	0%
7 - 9	3	3	3	0	0%
10 - 12	1	1	1	0	0%
13 - 15	-	-	-	-	-
16 - 18	-	-	-	-	-
19 - 20	-	-	-	-	-
Total	44	47	47	0	0%

Chapter 3

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: corporate policy offices, financial services, human resource services, ICT services, property services.

3.24 EXECUTIVE AND COUNCIL

This component includes: Executive office (mayor; councilors; and municipal manager).

3.24.1 EMPLOYEES: EXECUTIVE AND COUNCIL

Employees: The Executive and Council : MM AND DIRECTORS					
Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	-	-	-	-	-
4 - 6	-	-	-	-	-
7 - 9	-	-	-	-	-
10 - 12	-	-	-	-	-
13 - 15	-	-	-	-	-
16 - 18	-	-	-	-	-
19 - 20	6	6	6	0	0%
Total	6	6	6	0	0%

Employees: Administration: INCLUDES ADMIN STAFF IN TOWNS					
Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	11	11	11	-	0%
4 - 6	6	6	5	1	17%
7 - 9	18	18	18	-	0%
10 - 12	13	13	13	-	0%
13 - 15	5	5	5	-	0%
16 - 18	1	1	1	0	0%
19 - 20	-	-	-	-	-
Total	54	54	53	1	2%

Chapter 3

Employees: Internal Audit					
Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	-	-	-	-	-
4 - 6	-	-	-	-	-
7 - 9	-	-	-	-	-
10 - 12	2	2	2	-	0%
13 - 15	-	-	-	-	-
16 - 18	1	1	1	-	0%
19 - 20	-	-	-	-	-
Total	3	3	3	0	0%

3.24.2 FINANCIAL PERFORMANCE: EXECUTIVE AND COUNCIL

Financial Performance : The Executive and Council					
Details	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	4,700	5,461	5,793	5,501	5%
Expenditure:					
Employees	10,971	12,705	13,600	13,099	4%
Repairs and Maintenance	5	8	11	37	-252%
Other	16,579	14,849	18,779	12,313	34%
Total Operational Expenditure	27,555	27,563	32,390	25,448	21%
Net Operational Expenditure	22,856	22,102	26,597	19,947	25%
<i>Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Adjustment Budget and the Actual divided by the Adjustment Budget.</i>					T3.69.5

3.25 FINANCIAL SERVICES

3.25.1 INTRODUCTION TO FINANCIAL SERVICES

The application of sound financial management principles is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainable, economically and equitably to all communities.

The key objective of the Municipal Finance Management Act (2003) is to modernise municipal financial management in South Africa so as to lay a sound financial base for the sustainable delivery of services. Municipal financial management involves managing a range of interrelated components: planning and budgeting, revenue, cash and expenditure management, procurement, asset management, reporting and oversight. Each component contributes to ensuring that expenditure is developmental, effective and efficient and that municipalities can be held accountable.

During the 2011 strategic planning session, Financial Sustainability was identified as the highest priority for the municipality. A Turnaround Strategy was adopted and a Steering Committee established to guide and implements the strategy. Specific low hanging fruit projects have also already been adopted by such a committee.

Chapter 3

The biggest challenge is the functioning and results of the Revenue Section which is critical to financial sustainability and consequently it is the area that we should be focussing on.

FINANCIAL SERVICES: CHALLENGES

Challenges	Description
Revenue Section	Collection rate is too low. Gross Consumer Debtors increased by R 64.39 million in the past 10 years; peaking at R 134.12 million in 2011/12. Theewaterskloof made sufficient provision for all debtors which are older than 30 days. The growth in Provision for Bad Debts complimented the growth in Gross Consumer Debtors. In 2013/14, Gross Consumer debtors declined by 25.8%, However even though the collection rate improved in 2014/15 Gross Consumer Debtor grew at an alarming rate of 12.71%.Collection remained below 90% for the past 5 years.
Inadequate grant funds from National and Provincial Government	The Fiscal Model has become out-dated further skewed by the inaccurate data of recent census. We will continue to fight for a review of the criteria for Grant distribution to municipalities.
Narrow rates base	Not enough economic development and job opportunities to contribute towards the fiscus of the municipality. Viewed as one of the few true rural municipalities, plagued by poverty due to unemployment and seasonality of work. Lowest per capita income of all the 4 municipalities in the District and also lower than the national average.
Implementation of SCOA (Standard Chart of Accounts)	In terms of section 169(1) (b) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), the Minister of Finance has signed into effect and subsequently published the Municipal Regulations on a Standard Chart of Accounts (SCOA) in terms of Notice 312 of 2014, Government Gazette No. 37577 subsequent to formal consultation. The Municipal Regulations on a Standard Chart of Accounts inter alia makes provision for an updated GFS Classification Framework, Detailed Classification Framework of the 7 Segments. All 278 municipalities must be complaint by 1 July 2017. The necessary structures will be established and municipalities and other stakeholders will be informed in due course of the way forward. The obvious challenge faced by TWK is the financial resources required to ensure that the financial system able to implement SCOA. The cost of training could place further strain on the municipality's financial resources. Other challenges faced is the time spent away from work whilst receiving training, employees resistant to change, having to use external service providers as a result of employees not coming to terms with the complexity of the new regulations etc.
A weak revenue stream	Due to the relative small revenue out of electricity as most of the reticulation is done by ESKOM, this not only affect the municipalities ability to generate revenue it's also hampers debt collection in towns where the municipality don't provide electricity. TWK is one of the pioneers fighting for either being the sole provider of electricity in its area or alternatively

Chapter 3

concluding service level agreements with ESKOM aimed at receiving additional revenue from electricity sold in the area and assisting with debt control through restriction of electricity supply to defaulting consumer.

The problem is that expectations and frustrations of the poorest of the poor are escalating by the day and the municipality is simply not able to respond due to lack of funding. The wider the gap between expectations and institutional capacity the bigger the risk of service protests. It is the responsibility of all to manage expectations down to a realistic affordable level. Obviously every attempt should also be made to manage the institutional capacity up in response to narrowing the gap between expectation and capacity.

The backlogs in infrastructure further puts pressure on municipal finances. The inability of the municipality to spent in non-grant funded areas due to lack of reserves are causing frustration in paying community and could negatively affect their willingness to pay. The uncertainty surrounding the sustainability of future grant funding, central government's fiscal model, low revenue base, unemployment and the community's ability/willingness to pay for services as well as the uncontrolled influx of unemployed, unskilled and homeless people into the municipal area are factors all of which have a negative impact on the financial health of the municipality.

Although the financial health of the municipality has improved considerably over the last few years, the current financial health as reflected in various ratios indicates an inherent risk to service delivery sustainability and should these risk not be mitigated or eliminated a breakdown in service delivery could become a reality.

3.25.2 DEBT RECOVERY

Debt Recovery			
			R' 000
Details of the types of	Year 2014/15		
	Billed in year	Payment	Percentage
Caledon	76,449	74,350	97%
Grabouw	49,156	28,832	59%
Villiersdorp	31,377	30,991	99%
Riversonderend	14,523	13,656	94%
Greyton	16,906	17,112	101%
Genadendal	11,453	4,799	42%
Botrivier	8,937	7,028	79%
Tesselaarsdal	1,774	1,141	64%
Plase	18,001	21,418	119%
Corrections	12,785	12,785	100%
Total	241,361	212,113	88%
			T3.70.2

Chapter 3

3.25.3 EMPLOYEES: FINANCIAL SERVICES

Employees: Financial Services					
Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	-	-	-	-	-
4 - 6	7	7	7	0	0%
7 - 9	36	36	33	3	8%
10 - 12	5	7	7	0	0%
13 - 15	4	6	6	0	0%
16 - 18	1	1	1	0	0%
19 - 20	-	-	-	-	-
Total	53	57	54	3	5%

3.25.4 FINANCIAL PERFORMANCE: FINANCIAL SERVICES

Financial Performance: Financial Services					
R' 000					
Details	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	59,391	50,172	51,986	66,179	-27%
Expenditure:					
Employees	14,436	15,792	15,812	16,126	-2%
Repairs and Maintenance	191	313	293	307	-5%
Other	8,951	11,977	16,990	12,691	25%
Total Operational Expenditure	23,578	28,081	33,095	29,123	12%
Net Operational Expenditure	(35,813)	(22,091)	(18,892)	(37,055)	-96%
Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Adjustment Budget and the Actual divided by the Adjustment Budget.					T3.70.5

3.25.5 CAPITAL EXPENDITURE: FINANCIAL SERVICES

Capital Expenditure : Financial Services					
R' 000					
Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	38	38	28	28%	
Inventory Items Finance	38	38	28	28%	
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T3.70.6

Chapter 3

3.26 HUMAN RESOURCE SERVICES

3.26.1 HUMAN RESOURCE SERVICES

Employees: Human Resource Services					
Job Level	Year 2013/14	Year 2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	-	-	-	-	-
4 - 6	-	-	-	-	-
7 - 9	-	-	-	-	-
10 - 12	3	3	3	0	0%
13 - 15	3	3	3	0	0%
16 - 18	-	-	-	-	-
19 - 20	-	-	-	-	-
Total	6	6	6	0	0%

3.26.2 FINANCIAL PERFORMANCE: HUMAN RESOURCE SERVICES

Financial Performance: Human Resource Services					
R'000					
Details	Year 2013/14	Year 2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	232	769	769	279	64%
Expenditure:					
Employees	2,648	3,462	3,462	2,680	23%
Repairs and Maintenance	-	-	-	-	#DIV/0!
Other	3,866	3,620	3,680	3,668	0%
Total Operational Expenditure	6,514	7,082	7,142	6,349	11%
Net Operational Expenditure	6,282	6,313	6,374	6,070	5%
Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Adjustment Budget and the Actual divided by the Adjustment Budget.					T3.71.5

3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

This component includes: Information and Communication Technology (ICT) services.

The municipal ICT Steering Committee (ICTSC) is a formal committee of council delegated to make decisions with regards to the municipal ICT governance. Furthermore, the Theewaterskloof Municipal ICT is an active member of the Western Cape Local Government ICT Forum, which concluded a Provincial governance policy for local government, the Municipal Corporate Governance of ICT Policy, which was approved by Parliament. This policy also brought about the drafting of other policies addressing key areas within the municipality, such as data backups, security controls, disaster recovery procedures, and so forth. Furthermore in terms of ICT Governance, an ICT Operational Committee was established, which will be responsible for monitoring the

Chapter 3

operational performance of ICT, as well as progress in respect of the Auditor General's requirements for ICT operations.

The ICT auditing system which monitors and reports the status of the entire ICT environment was also elevated and is now included as part of the performance of the Corporate Services director. These reports are submitted to the director on a quarterly basis and scrutinized on a monthly by the ICTSC.

Other initiatives of ICT included:

- Cost savings projects, which resulted in an approximate R500000.00 savings on telephone costs.
- The redesign of the municipal website to be more interactive and aligned with future developments and standardized throughout the Western Cape Province.
- Centralization of Bulk SMS system to enhance communication with communities.

For the 2014/15 financial year our capital projects included the standardization of desktop computers and mainframe servers to align with the ICT Standardization policy. We also centralized the Uninterruptible Power Supply Unit to ensure critical services are not affected by Eskom load shedding, including the implementation of additional Uninterruptible Power Supply systems.

3.27.1 EMPLOYEES: ICT SERVICES

Employees: ICT Services					
Job Level	Year 2013/14	Year 2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	-	-	-	-	-
4 - 6	-	-	-	-	-
7 - 9	-	-	-	-	-
10 - 12	1	1	1		0%
13 - 15	1	1	1		0%
16 - 18	-	-	-	-	-
19 - 20	-	-	-	-	-
Total	2	2	2	0	0%

3.27.2 FINANCIAL PERFORMANCE: ICT SERVICES

Financial Performance: ICT Services					
Details	R'000				
	Year 2013/14	Year 2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	—	—	—	—	—
Expenditure:					
Employees	809	889	892	874	2%
Repairs and Maintenance	—	—	—	—	—
Other	3,308	4,692	4,015	3,735	7%
Total Operational Expenditure	4,117	5,581	4,907	4,609	6%
Net Operational Expenditure	4,117	5,581	4,907	4,609	6%
Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Adjustment Budget and the Actual divided by the Adjustment Budget.					T3.72.5

Chapter 3

3.28 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

This component includes: property; legal; risk management and procurement services.

3.28.1 PROPERTY MANAGEMENT: CHALLENGES/HIGHLIGHTS

Challenges

The Property Management Department had many challenges this year of which **capacity** still remains the biggest challenge. There are only 3 people within the Department that manages the under mentioned. The main activities consist of managing the following:

- Lease agreements
- Encroachments agreements
- Surveying and Registering of all servitudes and servitude rights
- Surveying and Registration of all subdivided land, including General Plans
- All land enquiries
- Transfer of land to and from the municipality
- Submitting of reports for property related applications to the various committees and eventually to Council
- New developments on Council land
- Contract Management

The sourcing for a skilled property administrator is also a problem as there are only a few people in the country that has experience in property management. A property administrator was working in the post for 8 months and now the post is again vacant as the person was sourced by another municipality with a higher salary. This causes a big backlog and now a new person has to be trained in the post.

The **national economy** has a big influence on the sale and development of properties as there is not a lot of bank credible buyers.

The **red tape and legislative requirements** associated with property administration are very time consuming and results into property transactions taking years to establish.

Achievements

6 Properties were sold to the value of R2 084 404.

35 New Lease agreements were entered into.

Chapter 3

3.28.2 EMPLOYEES PROPERTY MANAGEMENT AND VALUATIONS

Employees: Valuations					
Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	-	-	-	-	-
4 - 6	-	-	-	-	-
7 - 9	-	-	-	-	-
10 - 12	-	-	-	-	-
13 - 15	1	1	0	1	100%
16 - 18	-	-	-	-	-
19 - 20	-	-	-	-	-
Total	1	1	0	1	100%

Employees: Property Management					
Job Level	Year 2013/14	Year 2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	-	-	-	-	-
4 - 6	-	-	-	-	-
7 - 9	1	1	0	1	100%
10 - 12	1	1	1	0	0%
13 - 15	1	1	1	0	0%
16 - 18	-	-	-	-	-
19 - 20	-	-	-	-	-
Total	3	3	2	1	33%

3.28.3 FINANCIAL PERFORMANCE: PROPERTY MANAGEMENT

Financial Performance : Property Services					
R'000					
Details	Year 2013/14	Year 2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	29,075	2,974	599	1,913	-219%
Expenditure:					
Employees	1,458	1,632	1,632	1,320	19%
Repairs and Maintenance	2,078	1,527	1,551	1,368	12%
Other	23,514	6,437	10,587	6,072	43%
Total Operational Expenditure	27,050	9,596	13,771	8,760	36%
Net Operational Expenditure	(2,025)	6,622	13,171	6,847	48%
Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Adjustment Budget and the Actual divided by the Adjustment Budget.					T3.73.5

Chapter 3

3.28.4 CAPITAL EXPENDITURE: PROPERTY MANAGEMENT

Capital Expenditure: Property Services					
R' 000					
Capital Projects	Year 2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All				-	
Project A				-	
Project B				-	
Project C				-	
Project D				-	
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T3.73.6

Chapter 4

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

The municipality has currently a staff component of 615 officials, who individually and collectively contribute towards the achievement of the municipality's objectives. The primary objective of Human Resource Management is to render an innovative HR service that addresses both skills development and an administrative function.

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEES TOTALS, TURNOVER AND VACANCIES

4.1.1 EMPLOYEES

Description	Employees				
	Year 2013/14	Year 2014/15			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Water	52	41	41		0%
Waste Water (Sanitation)	49	45	45		0%
Electricity	19	20	20		0%
Waste Management (includes Dumping)	78	78	78		0%
Housing	9	10	9	1	11%
Waste Water (Stormwater Drainage)	68	63	63		0%
Roads	102	102	102		0%
Traffic	46	56	53	3	6%
Town Planning	8	12	11	1	9%
Local Economic Development	2	3	2	1	50%
Planning (Strategic & Regulatory/ IDP)	2	2	2		0%
Finance	53	57	54	3	6%
Administration	54	54	53	1	2%
HR	6	6	6		0%
IT	2	2	2		0%
Property Management	3	3	2		0%
Parks	44	47	47		0%
Libraries	21	23	21	2	10%
Valuations	1	1	1		0%
Internal Audit	3	3	3		0%
Totals	622	628	615	12	1

Chapter 4

4.1.2 VACANCY RATE: YEAR 2014/15

Vacancy Rate: Year 2014/15			
Designations	*Total Approved Posts	*Vacancies (Total time that vacancies exist using fulltime equivalents)	*Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1		0.00
CFO	1		0.00
Other S57 Managers (excluding Finance Posts)	4		0.00
Other S57 Managers (Finance posts)	0		0.00
Police officers	0		0.00
Traffic & Law Enforcement	31	3	0.00
Senior management: Levels 13-15 (excluding Finance Posts)	42	2	4.76
Senior management: Levels 13-15 (Finance posts)	7	0	0.00
Highly skilled supervision: levels 9-12 (excluding Finance posts)	256	7	2.73
Highly skilled supervision: levels 9-12 (Finance posts)	7	1	14.29
Total	349	13	3.72

4.1.3 TURN-OVER: YEAR 2014/15

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
2011/12	569	29	5.19%
2012/13	659	43	6.53%
2013/14	674	47	6.97%
2014/15	628	50	7.96%

4.1.4 COMMENT ON VACANCIES AND TURNOVER

A high turnover may be costly to a municipality and might negatively affect productivity, service delivery and institutional memory/organisational knowledge. The critical challenge for the current administration is to attract and retain scarce skills in the workplace.

The municipality's turnover rate for the past years has been between 5.19% (2011/12) and 7.96% (2014/15) and below 10% which indicates that it is well within the National and International benchmarks. This rate can be attributed to normal attrition, staff leavening for better prospects as well as through disciplinary process.

Chapter 4

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

4.2 INTRODUCTION TO MANAGING THE MUNICIPAL WORKFORCE

The Municipal Systems Act, S67 requires municipalities to develop and adopt appropriate systems and procedures to ensure fair; efficient; effective; and transparent personnel administration in accordance with the Employment Equity Act 1998.

The Human Resource division comprises of HR Administration Services. This section is responsible for the administration of leave, fringe benefits, medical aid contributions and housing scheme including the Occupational Health and Safety section, as well as the Training and Skills development.

Managing the municipal workforce refers to analysing and coordinating employee behaviour.

4.2.1 HUMAN RESOURCE POLICIES AND PLANS

HR Policies and Plans				
	Name of Policy	Completed	In Process of being Reviewed	Date adopted by council or comment on failure to adopt
1	Affirmative Action (Employment Equity)	X		15 September 2011.
2	Attraction and Retention		x	Policy was referred back by Management
3	Code of Conduct for employees	X		Schedule 2 – Municipal Systems Act [Act 32 of 2000]
4	Delegations, Authorisation & Responsibility	X		Revised by council 24 th March 2011- new council adopted on 31 May 2011
5	Disciplinary Code and Procedures	X		Negotiated on Bargaining Council Level (Adopted 01 July 2010)
6	Essential Services	X		Parties could reach an agreement on the services that was identified as Essential. The Draft Agreement will be discussed at the Local Labour Forum meeting that is scheduled for 25 July 2012.
7	EAP	X		Adopted on the 27 March 2014
8	Exit Management	X		Exit interview are held with employees leave the organisation.
9	Grievance Procedures	X		In terms of Main Collective Agreement that was adopted on Bargaining Council Level on 01 May 2007
10	HIV/Aids	X		20 March 2013
11	Human Resource and Development	X		31 October 2013
12	Information Technology	X		Policy was adopted on 15 September 2011
13	Task Job Evaluation Policy	X		09 October 2013
14	Leave	X		20 March 2013
15	Occupational Health and Safety	X		Policy adopted by Council on 29 July 2010
16	Official Housing (subsidy)	X		Adopted at bargaining council level
17	Travel and Subsistence	X		Policy reviewed and approved 26 March 2015
18	Official transport to attend Funerals			None

Chapter 4

HR Policies and Plans				
	Name of Policy	Completed	In Process of Being Reviewed	Date adopted by council or comment on failure to adopt
19	Official Working Hours and Overtime			A draft Policy currently under consultation
20	Organisational Rights	X		Main Collective Agreement – Adopted on Bargaining Council Level
21	Payroll Deductions	X		Statutory deductions
22	Performance Management and Development	X		January 2010
23	Recruitment, Selection and Appointments	X		Policy reviewed and approved 17 June 2015
24	Remuneration Scales and Allowances	X		As per Salary and Wage Collective Agreement - Adopted on Bargaining Council Level.
25	Resettlement	X		Current policy
26	Sexual Harassment	X		Adopted on 29 July 2010
27	Skills Development	X		Workplace Skills Plan – Adopted on 30 June 2011.
28	Smoking	X		Adopted on 26 May 2008
29	Bursary	X		Adopted on 15 October 2008
30	Substance Abuse	X		Adopted on 15 September 2011
31	Uniforms and Protective Clothing	X		Adopted on 29 July 2010
32	Transport Policy	X		Adopted on 24 April 2012
33	Medical Assistance for former employees	X		Adopted on 05 May 2011
34	Induction	X		Adopted 7 August 2012
35	Training Policy	X		13 October 2013
36	Revision Transport	X		26 March 2015
37	Scarce Skills	X		20 March 2013

All HR Policies are discussed by the Policy Working Group that comprises of top Management and representatives from the Unions, where after it is referred to the Local Labor Forum for approval. Good progress is being made with the adoption of HR Policies and procedures, and we are well within our target of adopting at least 2 policies in a year.

4.3 INJURIES, SICKNESS AND SUSPENSIONS

4.3.1 NUMBER AND COST OF INJURIES ON DUTY

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	R'000
Required basic medical attention only					
Temporary total disablement	147	49	0.00%	29.4	R 0.00
Permanent disablement			0.00%	0	R 0.00
Fatal			0.00%	0	R 0.00
Total	147	49	33.33%	29.4	R 0.00
					T4.3.1

Chapter 4

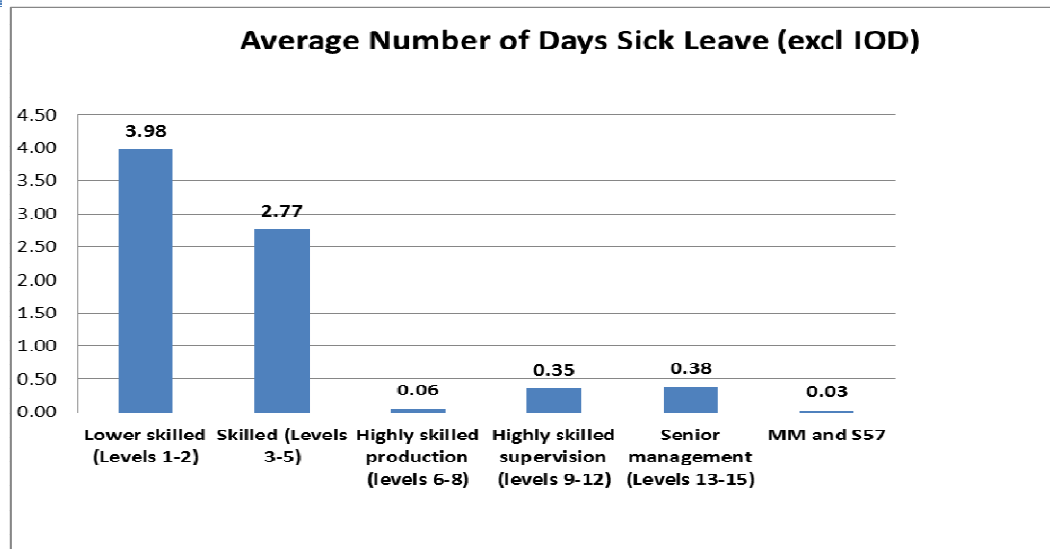
Compensation claims for such occupational injuries are calculated according to the seriousness of the injury/disease and can be costly to a municipality. Occupational injury will influence the loss of man hours and therefore financial and productivity performance.

4.3.2 NUMBER OF DAYS AND COST OF SICK LEAVE (EXCLUDING INJURY ON DUTY)

Number of days and Cost of Sick Leave (excluding injuries on duty)

Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Lower skilled (Levels 1-2)	2358	19%	256	88	3.98	R 712 172.81
Skilled (Levels 3-5)	1640	19%	71	189	2.77	R 598 777.83
Highly skilled production (levels 6-8)	35	26%	6	144	0.06	R 20 529.39
Highly skilled supervision (levels 9-12)	210.5	16%	20	107	0.35	R 208 034.86
Senior management (Levels 13-15)	226.5	10%	24	59	0.38	R 386 207.06
MM and S57	15	83%	5	6	0.03	R 78 313.00
Total	4485	29%	382	593	7.56	R 2 004 034.95

4.3.3 AVERAGE NUMBER OF DAYS OF SICK LEAVE (EXCLUDING INJURY ON DUTY)



Chapter 4

4.3.4 COMMENT ON INJURY AND SICK LEAVE

The number of days' sick leave taken by employees has service delivery cost implications. The monitoring of sick leave identifies certain pattern or trends. Once these patterns are identified, corrective action can be taken.

4.3.5 NUMBER AND PERIOD OF SUSPENSIONS

Number and Period of Suspensions

Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
General Ass	Did not perform duties to the best of his abilities; Left workplace without permission; Possession of alcohol on work premises.	27/10/2014 - 31/10/2014	5 days suspension without remuneration.	16/10/2014
Senior Foreman	Negligence	10/2/2015 - 23/2/2015	10 days suspension without remuneration	09/2/2015
General Worker	Absent without leave	08/7/2015 - 21/7/2015	10 days suspension without remuneration	25/6/2015

In terms of the Disciplinary Code only officials from other departments or from other municipalities can be appointed as Presiding Officers and Employer Representatives. The availability of the officials is a huge problem. There are simply not enough officials with the necessary expertise and knowledge to handle disciplinary hearings. The Code further states that the Employer Representative must be at a level more senior than the employee(s) who is/are being charged, which makes the "pool" of available officials even smaller. Another factor is the constant requests for postponements from the Unions. All officials post level T14 to T17 were sent on an Initiator and Chairperson training and hopefully this initiative will speed up the finalization of the disciplinary hearings.

4.4 PERFORMANCE REWARDS

4.4.1 PERFORMANCE REWARDS BY GENDER

Performance Rewards By Gender

Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 2014/15	Proportion of beneficiaries within group
				R' 000	%
Lower skilled (Levels 1-2)	Female	-	-	-	-
	Male	-	-	-	-
Skilled (Levels 3-5)	Female	-	-	-	-
	Male	-	-	-	-
Highly skilled production (levels 6-8)	Female	-	-	-	-
	Male	-	-	-	-
Highly skilled supervision (levels 9-12)					

Chapter 4

	Female	-	-	-	-
	Male	-	-	-	-
Senior management (Levels 13-15)	Female	-	-	-	-
	Male	-	-	-	-
MM and S57	Female	-	-	-	-
	Male	6	6		100%
Total		6	6		100%

The implementation of performance management to lower levels of staff could not be realized due to capacity constraints.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

Section 68(1) of the MSA states that municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way. For this purpose the human resource capacity of a municipality must comply with the Skills Development Act (SDA), 1998 (Act No. 81 of 1998), and the Skills Development Levies Act, 20 1999 (Act No. 28 of 1999).

Policies for internal bursaries are in place. The training committee which follows a well-organized procedure involving all relevant role-players meets on a monthly basis after the local labor forum meeting. Transparent regulation of all courses involves the unions SAMWU and IMATU in all decision making.

Chapter 4

4.5 SKILLS DEVELOPMENT AND TRAINING

The Skills Development Act (1998) and the Municipal Systems Act, (2000), require employers to supply employees with the necessary training in order to develop its human resource capacity. Section 55(1) (f) states that as head of administration the Municipal Manager is responsible for the management, utilisation and training of staff.

4.5.1 NUMBER OF SKILLED EMPLOYEES

Skills Matrix														
Management level	Gender	Employees in post as at 30 June Year 2014	Number of skilled employees required and actual as at 30 June Year 2014											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
		No.	Actual: End of Year 2014	Actual: End of Year 2015	Target	Actual: End of Year 2014	Actual: End of Year 2015	Target	Actual: End of Year 2014	Actual: End of Year 2015	Target	Actual: End of Year 2014	Actual: End of Year 2015	Target
MM and s7	Female	0	-	-	-	0	0	-	0	-	-	0	0	-
	Male	6	-	-	-	1	2	-	4	-	-	5	2	-
Councillors, senior officials and managers	Female	16	-	-	-	12	2	-	3	-	-	15	2	-
	Male	34	-	-	-	16	8	-	7	-	-	25	0	-
Technicians and associate professionals*	Female	15	-	-	-	9	1	-	0	-	-	9	1	-
	Male	12	-	-	-	6	2	-	0	-	-	6	2	-
Professionals	Female	6	-	-	-	2	0	-	0	-	-	2	0	-
	Male	36	-	-	-	7	10	-	4	-	-	7	10	-
Sub total	Female	37	-	-	-	23	3	-	3	-	-	26	3	-
	Male	88	-	-	-	29	22	-	16	-	-	35	22	-
Total		250	0	0	0	105	50	0	37	0	0	130	42	0
*Registered with professional Associate Body e.g CA (SA)														T4.5.1

Chapter 4

4.5.2 FINANCIAL COMPETENCY DEVELOPMENT: PROGRESS REPORT

Financial Competency Development: Progress Report*

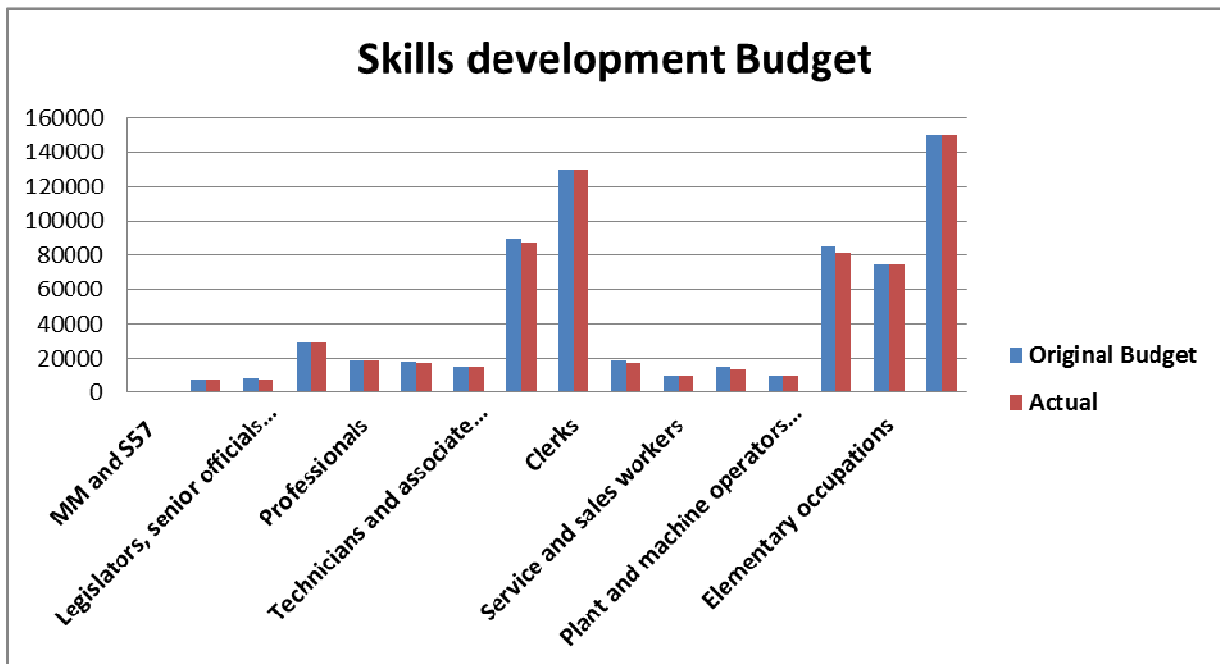
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidat ed: Competen cy assessmen ts completed for A and B (Regulatio n 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
<i>Accounting officer</i>						
<i>Chief financial officer</i>	1	0	1		0	0
<i>Senior managers</i>	1	0	1		0	1
<i>Any other financial officials</i>	4	0	4		0	1
Supply Chain Management Officials	28	0	28	24	0	14
<i>Heads of supply chain management units</i>	1	0	1			0
<i>Supply chain management senior managers</i>	0	0	0			
TOTAL	35	0	35	24	0	16

Chapter 4

4.5.3 SKILLS DEVELOPMENT EXPENDITURE

Skills Development Expenditure										R
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and S57	Female	0	0	0		0	0	0	0	0
	Male	6	0	0	8000	7000	0	0	8000	7000
Legislators, senior officials and managers	Female	18	0	0	8500	7000	0	0	8500	7000
	Male	31	0	0	29000	28700	0	0	29000	28700
Professionals	Female	15	0	0	19000	19000	0	0	19000	19000
	Male	14	0	0	18000	17500	0	0	18000	17500
Technicians and associate professionals	Female	6	0	0	15000	15000	0	0	15000	15000
	Male	41	0	0	90000	87260	0	0	90000	87260
Clerks	Female	105	0	0	130000	129650	0	0	130000	129650
	Male	41	0	0	19000	17500	0	0	19000	17500
Service and sales workers	Female	12	0	0	10000	10050	0	0	10000	10050
	Male	32	0	0	15000	14000	0	0	15000	14000
Plant and machine operators and assemblers	Female	1	0	0	10000	10000	0	0	10000	10000
	Male	64	0	0	85000	81349	0	0	85000	81349
Elementary occupations	Female	57	75000	75000	0	0	0	0	75000	75000
	Male	241	150000	150000	0	0	0	0	150000	150000
Sub total	Female	214	75000	75000	192500	190700	0	0	267500	265700
	Male	470	150000	150000	264000	253309	0	0	414000	403309
Total		684	225000	225000	456500	444009	0	0	681500	669009
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.									0.62%*	*R 670000
T4.5.3										

Chapter 4

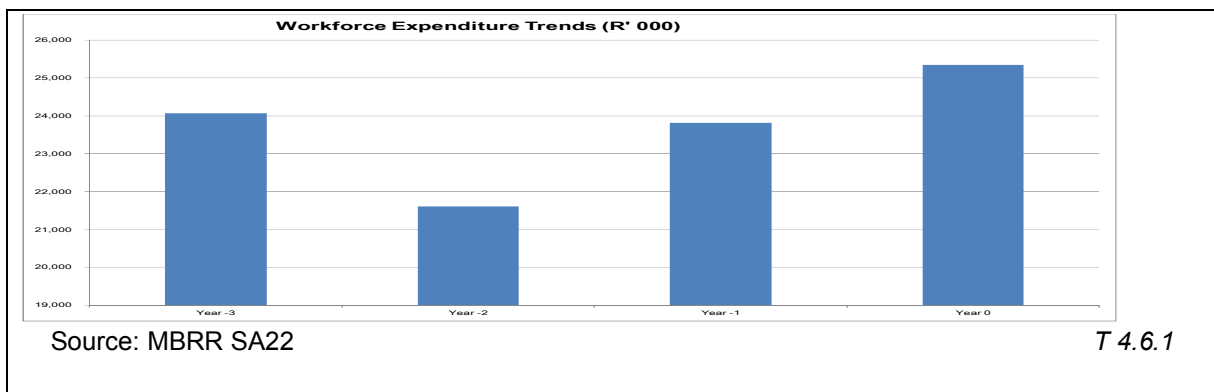


COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

The percentage personnel expenditure is essential in the budgeting process as it reflects on current and future efficiency. The table below indicates the percentage of the municipal budget that was spent on salaries and allowance (excluding councilor remuneration) for the past three financial years and that the municipality is well within the national norm of between 35 to 40%:

4.6 EMPLOYEE EXPENDITURE

4.6.1 EMPLOYEE EXPENDITURE



Chapter 4

4.6.2 NUMBER OF EMPLOYEES WHOSE SALARIES WERE INCREASED DUE TO THEIR POSITIONS BEING UPGRADED

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	
	Male	
Skilled (Levels 3-5)	Female	
	Male	3
Highly skilled production (Levels 6-8)	Female	13
	Male	24
Highly skilled supervision (Levels 9-12)	Female	
	Male	3
Senior management (Levels 13-16)	Female	
	Male	3
MM and S 57	Female	
	Male	
Total		46

4.6.3 EMPLOYEE WHOSE SALARY LEVELS EXCEED THE GRADE DETERMINED BY JOB EVALUATION

Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
NONE	-	-	-	-

4.6.4 EMPLOYEES APPOINTED TO POSTS NOT APPROVED

Employees appointed to posts not approved

Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exist
NONE	-	-	-	-

Chapter 5

CHAPTER 5 – FINANCIAL PERFORMANCE

INTRODUCTION

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of three components:

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

Demographics and Economic Overview of the Municipality

To understand the financial challenges and position of the municipality it is important that one has an understanding of the demographics and economic environment of the region:

- Population of 108 790 (biggest in District) with a growth rate of 1.2%. Population estimated to 121739 by the 2020.
- Highest % of age population falls in the age group 25 – 34 for both males and females(indicative of the size of economically active people)
- TWK has the lowest annual per capita income (R25,692) within the Overberg district also lower than the national average of R44 802.
- 53% indigent population
- The economy of TWK has net job losses of more than 7000 jobs over the last 8 years.
- Theewaterskloof has the largest negative employment growth of -2.4 per cent over the period and the lowest GDP growth rate (2005-2013)
- Theewaterskloof comprised the largest share (36 per cent or R4.7 billion) of the District's GDP of R13.3 billion in 2013, making it the largest economy in the District, followed by Overstrand (34 per cent; R4.6 billion).
- Theewaterskloof municipal area experienced average year-on-year growth of 3.6 per cent from 2005 - 2013, is on par with the Province's growth rate over this period.
- Theewaterskloof is the slowest growing municipality in the District.
- Theewaterskloof's agriculture sector is the largest employer in the Municipality, employing 13 479 (or 32.9 per cent) of the Municipality's working population in 2013. Agricultural employment is seasonal in nature compounding/adding to the indigent burden "out of seasons".
- Three larger employment sectors in TWK are as follows:
 - Finance, insurance, real estate and business services (32%)
 - Agriculture, fishing and forestry (21%)
 - Manufacturing (14%)

During yet another tough economic year, the municipality had to continue to introduce initiatives to handle and deal with price increase, especially those attributable to inflationary increases. The municipality strengthened its stance on decreasing/eliminating non-essential spending.

Looking at the future the municipality identified several key matters to be dealt with in 2014/2015:

- Replacing or upgrading ageing infrastructure and working towards obtaining R450m to deal with this over the next 5 years. .
- The excessive cross subsidizing of rates by trading services and the impact it has on the ability to build municipal capital reserve funds.
- Operational input costs, such as bulk water, personnel costs, fuel and bulk electricity, exceeding the inflation rate.

Chapter 5

- Drastic rates and tariff increases to address the threats.
- Municipal sustainability considerations versus the affordability of the Municipal bill.
- An indigent population of 53% and increased pressure on those who carries the bulk of the municipal bill.
- National Grants funds for services and capital projects in previously disadvantaged areas.
- Improved debt collection remains key the success of remaining financial viable and therefor remains at the fore front of focus areas.

The following achievements during the financial year should be highlighted:

- A clean audit was achieved for the first time in 2012/13 which is proof of sound financial practices and principles. Only 30 (12 in the Western Cape) municipalities from a total of 278 had obtained this achievement nationally. The municipality managed to sustain the clean audit outcome both in 2013/14 and 2014/15.
- 90% expenditure of the capital budget was spent in 2012/13 and 2013/14, in 2014/15 there was a slight decrease in capital expenditure, 86% of the capital budget was spent in 2014/15 this remains an improvement when comparing to the 78% achieved in 2011/2012
- The collection rate has shown some improvement from 83.7% in 2013, to 86.3% in 2014 and 89 in 2015.
- Debtor collection period before impairment has decreased from 236 day to 172 days
- Debtor's collection period has also increased when compared to the previous year (from 39 days in 2014 to 48 days in 2015). The municipality's intervention to improve the debt collection rate that was implemented in the prior period and which yielded positive results is hampered by the economic climate in the country as a whole, which has place a lot of consumers under financial stress. The municipality, however, remains committed to improve its debt collection rate.
- The Current Ratio improved from 0.9:1(2013) to 1.1:1(2014) and to 1.2:1 in 2015
- Capital replacement reserve increased from R500,000 (2013) to R6.5m (2014) and to R15,7m
- Capital spending: Despite being rated one of the least financial viable municipalities TWK over the last 11 years invested R570m in capital assets and infrastructure
- TWK has posted annual Accounting Surpluses with the exception of a deficit in 2011/12 for the last 11 financial years
- TWK has been able to manage its credit score within the BBB Band for more than 10 years
- Financial Viability Improved from 42 in 2010 to 63 in 2014
- Efficient costing of services and projects by identifying and managing the cost drivers.
- Active use of forecasts and projections to manage cash flow efficiently.
- Active monitoring of income and expenditure against pre-determined budget targets/projections.
- Set financial benchmarks and monitor performance against them

Chapter 5

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Financial Summary						
R' 000						
Description	2013/14	2014/15			2014/15 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Financial Performance						
Property rates	58,673	68,910	68,910	68,769	0.21%	0.21%
Service charges	142,532	156,249	156,254	153,960	1.46%	1.47%
Investment revenue	2,904	2,482	3,000	5,134	-106.85%	-71.14%
Transfers recognised - operational	108,864	103,590	122,945	109,684	-5.88%	10.79%
Other own revenue	79,233	32,676	41,604	45,177	-38.26%	-8.59%
Total Revenue (excluding capital transfers and contributions)	392,206	363,907	392,712	382,724	-5.17%	2.54%
Employee costs	124,568	139,914	140,981	138,725	0.85%	1.60%
Remuneration of councillors	8,203	9,277	9,277	8,573	7.59%	7.59%
Depreciation & asset impairment	32,816	23,081	27,081	12,609	45.37%	53.44%
Finance charges	12,478	13,433	12,733	13,237	1.46%	-3.96%
Materials and bulk purchases	50,043	54,651	55,091	54,670	-0.03%	0.77%
Transfers and grants	,824	1,000	1,000	1,351	-35.08%	-35.08%
Other expenditure	151,703	130,236	164,532	140,027	-7.52%	14.89%
Total Expenditure	380,634	371,591	410,694	369,191	0.65%	10.11%
Surplus/(Deficit)	11,572	(7,685)	(17,982)	13,533	276.10%	175.26%
Transfers recognised - capital	47,047	54,670	61,638	59,671	-9.15%	3.19%
Contributions recognised - capital & contributed assets	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	58,618	46,985	43,656	73,204	-55.80%	-67.68%
Share of surplus/ (deficit) of associate		-	-	-	-	-
Surplus/(Deficit) for the year	58,618	46,985	43,656	73,204	-55.80%	-67.68%
Capital expenditure & funds sources						
Capital expenditure	62,947	67,547	85,177	73,003	-8.08%	14.29%
Transfers recognised - capital	46,802	54,731	63,081	59,671	-9.03%	5.41%
Public contributions & donations		-	-	-	-	-
Borrowing	8,509	5,670	10,978	1,044	81.58%	90.49%
Internally generated funds	7,365	7,146	11,118	6,645	7.01%	40.23%

Chapter 5

Total sources of capital funds	62,947	67,547	85,177	67,361	0.28%	20.92%
<u>Financial position</u>						
Total current assets	76,273	54,091	64,013	111,643	-106.40%	-74.41%
Total non current assets	800,804	664,223	858,895	908,952	-36.84%	-5.83%
Total current liabilities	66,587	58,740	63,155	91,644	-56.02%	-45.11%
Total non current liabilities	178,789	172,164	184,395	210,212	-22.10%	-14.00%
Community wealth/Equity	631,701	487,411	675,358	718,739	-47.46%	-6.42%
<u>Cash flows</u>						
Net cash from (used) operating	66,799	74,410	82,897	114,479	-53.85%	-38.10%
Net cash from (used) investing	(60,777)	(65,891)	(85,172)	(77,467)	-17.57%	9.05%
Net cash from (used) financing	4,651	(1,300)	(1,084)	(6,740)	-418.47%	-521.57%
Cash/cash equivalents at the year end	38,218	7,235	34,859	68,463	-846.30%	-96.40%
<u>Cash backing/surplus reconciliation</u>						
Cash and investments available	38,218	7,235	34,859	68,463	-846.30%	-96.40%
Application of cash and investments	26,794	(3,832)	18,879	19,978	621.33%	-5.82%
Balance - surplus (shortfall)	11,424	11,067	15,980	48,484	-338.10%	-203.41%
<u>Asset management</u>						
Asset register summary (WDV)	800,780	968,018	858,876	730,647	24.52%	14.93%
Depreciation & asset impairment	32,816	23,081	27,081	12,609	45.37%	53.44%
Renewal of Existing Assets	17,254	33,999	32,832	26,086	23.27%	20.55%
Repairs and Maintenance	18,412	22,906	23,179	22,368	2.35%	3.50%
<u>Free services</u>						
Cost of Free Basic Services provided	13,552	22,463	22,463	14,086	37.29%	37.29%
Revenue cost of free services provided	13,552	27,500	27,500	14,086	48.78%	48.78%
<u>Households below minimum service level</u>						
Water:	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-
Energy:	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A1						T5.1.1

Chapter 5

Financial Performance of Operational Services						
						R '000
Description	2013/14	2014/15			2014/15 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Service						
Water Distribution	(558)	(5 560)	(9 640)	7,518	235%	177.99%
Waste Water Management	(2 294)	(1 295)	(943)	-252	81%	73.27%
Electricity Distribution	(17 055)	(16 009)	(18 275)	22,537	241%	223.32%
Solid Waste Management	(633)	(4 580)	(3 277)	(496)	89%	84.85%
Housing Services	3,905	5,495	(25 732)	25,387	-362%	198.66%
Component A: sub-total	(16 634)	(21 949)	(57 866)	54,694	349%	194.52%
Roads Services	20,283	24,367	24,031	(23 621)	197%	198.30%
Transport	–	–	–	–	–	–
Component B: sub-total	20,283	24,367	24,031	(23 621)	197%	198.30%
Planning	6,482	6,344	6,266	(5 852)	192%	193.40%
Local Economic Development	2,459	3,048	3,045	(2 630)	186%	186.38%
Component C: sub-total	8,941	9,391	9,311	(8 482)	190%	191.11%
Community & Social Services	(228)	13	(486)	472	-3609%	197.08%
Environmental Protection	33	50	50	(6)	112%	112.07%
Health	–	–	–	–	–	–
Public Safety	857	1,892	7,434	(6 110)	423%	182.19%
Sport and Recreation	6,728	7,305	8,192	(7 889)	208%	196.31%
Corporate Policy Offices and Other	(78 726)	(68 942)	(33 627)	64,148	193%	290.76%
Component D: sub-total	(71 336)	(59 682)	(18 437)	50,614	185%	374.53%
Net Total Expenditure	(58 746)	(47 872)	(42 961)	73,204	253%	270.40%
In this table operational income (but not levies or tariffs) is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget divided by the original/adjustments budget.						T5.1.2

Chapter 5

5.2 GRANTS

Grant Performance						
R' 000						
Description	2013/14	2014/15			2014/15 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	91 664 645	76 316	71 066	71 430		
Equitable share	57 262	62 481	62 481	62 481	–	0%
Municipal Systems Improvement	858	934	825	825	12%	0%
Municipal Disaster Recovery	–	–	439	439	–	0%
Local Government Financial Management Grant (FMG)	1 249	1 600	1 600	1 600	0%	0%
Municipal Infrastructure Grant (MIG)	24 801	765	923	878	-15%	5%
National Electrification Programme	–	–	–	–	–	–
Expanded public works programme (EPWP)	1 771	1 106	1 106	1 097	1%	1%
Regional Bulk Infrastructure Grant	5 720	5 441	–	–	100%	–
VAT on grants	3	3 989	3 693	4 110	-3%	-11%
Neighbourhood Development Programme Grant	1	–	–	–	–	0%
Provincial Government:	59 212 474	30 947	48 330	36 906		
Health subsidy	–	–	–	–	–	–
Housing	52 358	24 658	39 934	29 543	-20%	26%
Municipal Infrastructure Support Grant	–	–	450	448	–	0%
Sports and Recreation	–	–	–	–	–	–
Financial Management Support Grant	600	–	1 437	1 018	–	29%
CDW Operational Support Grant	166	122	232	181	-48%	22%
Maintenance of proclaimed main roads	74	92	92	92	0%	0%
Library Service conditional Grant	6 015	6 075	6 185	5 624	7%	9%
Spatial Development Framework	30	–	–	–	–	–
District Municipality:	0	0	0	0	0	0
<i>[insert description]</i>					0%	0%
					0%	0%
Other grant providers:	1 649 906	1 769	2 336	1 340 700	0	1
DBSA GIS	1	–	–	–	–	#DIV/0!
IDC	368	–	–	54	–	–
DBSA LEDI	118	–	345	18	–	95%
HAN	931	1 000	1 222	990	1%	19%
SETA	232	769	769	279	64%	64%
Total Operating Transfers and Grants	152 527	109 032	121 732	109 677		
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						T5.2.1

Chapter 5

COMMENT ON OPERATING TRANSFERS AND GRANTS:

38.28% of Theewaterskloof's Total Revenue was derived from government grant and subsidies in 2014/15; indicating the Municipality's reliance on Grants and Subsidies. During the 2014/15 financial year the municipality received a total of R185.420m. Provincial transfers of R81, 937, national grants amounting to R101,805m and R1,678m from other grant funders make up the total amount of grant funding received during the 2014/15 financial year. Total grant expenditure for the corresponding period amounts to R169, 355m. The largest transfer received was received in the form of housing grant (R73, 293m) and equitable share (R62,481m). The total operating grant expenditure amounts to R169, 355m. The biggest spending variances on operating grants were on the following grants:

Government Grants and Subsidies

- Western Cape Financial Management Support Grant – 29% underspent
- Housing 26% underspent

The underspending on the Western Cape FMSG was amounted to R586, 000. This amount would have been used to procure a system that is SCOA compliant. During the financial year National Treasury did not vet any system vendors, this meant that the municipality could not procure a system or make changes to the current financial system, as it would be fruitless and wasteful expenditure if we procure a system and it is later not vetted by National Treasury. The process was further hampered by the fact that the money provided by Provincial Treasury was not nearly enough to procure a system and the municipality did not have the financial resources to supplement the funds received from Provincial Treasury.

The underspending on Human Settlement Grant was largely due to the "Rooi Dakke Project" amounting to R4.4m. The before mentioned amount was included when the budget was compiled however with the compilation of the Annual Financial Statements the amount had to be removed from the expenditure as the municipality only acting as a transferring agent and not an implementing agent (refer to GRAP 23 and GRAP 9)

- DBSA LEDI – 95% underspent
- SETA – underspent

Chapter 5

Grants Received From Sources Other Than Division of Revenue Act (DoRA)						
Details of Donor	Actual Grant 2013/14	Actual Grant 2014/15	2014/15 Municipal Contribution	Date Grant terminates	Date Municipal contribution terminates	Nature and benefit from the grant received, include description of any contributions in kind
Parastatals						
SETA	232	279				Skills Development
HAN	925	1400				Youth Development
DBSA LEDI		18				Purchase LED software programmes
IDC Grant		54				Promotion of LED and tourism
DBSA GIS		–				
Foreign Governments/Development Aid Agencies						
Private Sector / Organisations						
Provide a comprehensive response to this schedule						T5.2.3

The municipality received a total of R169 355 from Donors other than the division of revenue act. The IDC grant is for the promotion of local economic development and tourism. The HAN grant gives students from abroad the opportunity to engage with previously disadvantaged communities and launch projects aimed at uplifting these communities. SETA is utilised from skills development and training within the organisation. The DBSA LEDI grant expenditure was largely attributable to the purchase of LED software programme.

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

Overview

Theewaterskloof Municipality have a centralised Asset Management Unit based in Caledon. The unit is responsible for all assets related functions throughout the entire region consisting of eight (8) towns.

Key Element from the Asset Management Policy (AMP)

The proper utilization and management of assets is one of the prime mechanisms by which a municipality can fulfil its constitutional objectives for:

- Delivery of sustainable services;
- Promotion of Social and economic development
- Promoting a safe and healthy environment and;

Chapter 5

- Providing for the basic needs to the community.
- The municipality has a legal and moral obligation to ensure it implements policies to provide for the effective and efficient usage of its assets over the useful life thereof.
- The asset management policy deals with the municipal rules required to ensure the enforcement of appropriate stewardship of assets.
- Stewardship has three components being the:
 - Management, utilization and control by the Municipal Officials.
 - Financial administration by the Chief Financial Officer, and
 - Physical administration by the Manager: Assets & Insurance
- Statutory provisions exist to protect public property against arbitrary and inappropriate management or disposal by a local government.
- Accounting standards are set to ensure the appropriate financial treatment for property, plant and equipment. The requirements of these accounting standards include:
- The compilation of asset registers recording all assets controlled by the municipality.
- Accounting treatment for the acquisition, disposal, recording and depreciation of property, plant and equipment.
- The standards to which these financial records must be maintained.

The Municipal Manager is responsible for the management of the assets of the municipality, including the safeguarding and the maintenance of those assets.

- The Municipal Manager must take all reasonable steps to ensure that:
- The municipality has and maintains a management, accounting and information system that records all the assets of the municipality;
- The municipality's assets are valued in accordance with recognised standards as prescribed by statutes and/or regulations;
- That the municipality has and maintains a system of internal control of assets, including an asset register; and
- That Senior Management comply with this policy.

The Chief Financial Officer is responsible to the Municipal Manager to ensure that the financial investment in the municipalities' assets is properly recorded.

- The Chief Financial Officer must take all reasonable steps to ensure that
- Appropriate systems of financial management and internal controls are established and carried out diligently;
- The financial and other resources of the municipality are utilized effectively, efficiently, economically and transparently;

Chapter 5

- Any unauthorized, irregular or fruitless or wasteful expenditure, and losses resulting from criminal or negligent conduct, are prevented
- The systems, processes and registers required to substantiate the financial values of the municipality's assets are maintained to standards sufficient to satisfy the requirements of all statutes;
- Financial processes are established and maintained to ensure the municipality's financial resources are optimally utilized through appropriate asset plans, budgeting, purchasing, maintenance and disposal decisions;
- The Municipal Manager is appropriately advised on the exercise of powers and duties pertaining to the financial administration of assets;
- The Directors and senior management teams are appropriately advised on the exercise of their powers and duties pertaining to the financial administration of assets;
- The Chief Financial Officer may delegate or otherwise assign responsibility for performing these functions but will remain accountable for ensuring these activities are performed

The Directors must take all reasonable steps to ensure that:

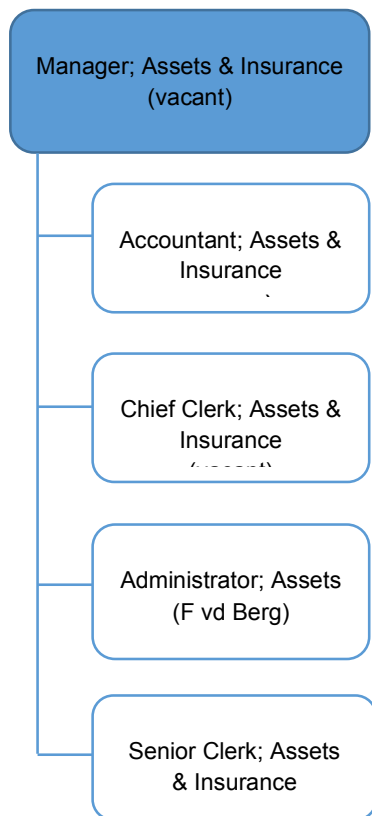
- Appropriate systems of physical management and controls are established and carried out for assets in their areas of responsibility;
- The municipal resources assigned to them are utilized effectively, efficiently, economically and transparently;
- The assets under their control are appropriately safeguarded and maintained to the extent necessary and that risk management systems are in place and applied;
- Any unauthorized, irregular or fruitless or wasteful expenditure, and losses resulting from criminal or negligent conduct, are prevented;
- The asset management systems and controls can provide an accurate, reliable and up to date record of assets under their control.
- They are able to justify that their asset plans, budgets, purchasing, maintenance and disposal decisions optimally achieve the municipality's strategic objectives.
- The purchase of assets complies with all municipal policies and procedures.
- All moveable property, plant and equipment is duly processed and identified and inspected as being in order before it is received into their stewardship.
- All moveable assets received into their stewardship are appropriately safeguarded against inappropriate use or loss. This will include control over the physical access to these assets and regular stock takes to ensure that no losses have occurred. Any known losses should be immediately reported to the Chief Financial Officer.
- Assets are appropriately utilized for the purpose for which the municipality acquired them.

The Director may delegate or otherwise assign responsibility for performing these functions but will remain ultimately accountable for ensuring these activities are performed

Chapter 5

Asset Management Unit (AMU)

The organogram extract of the AMU on the next page represent the current human resource allocation. There are currently no capacity development initiatives in terms of the AMU



Chapter 5

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED 2014/15				R'000
Asset 1				
Name	Upgrading of Villiersdorp Waste Water Treatment Works			
Description	Civil and Structural Works for the Villiersdorp WWTW			
Asset Type	Fixed Asset			
Key Staff Involved	N Kayser			
Staff Responsibilities	Project Management			
	`2011/12	`2012/13	`2013/14	2014/15
Asset Value				7,746
Capital Implications	Maintanance cost and financing			
Future Purpose of Asset	To make provision for treatment of waste water			
Describe Key Issues	Fast growing community			
Policies in Place to Manage Asset	Assest Management Policy			
Asset 2				
Name	Grabouw Waste Water Treatment Plant			
Description	Upgrade of Waste water Treatment Plant in Grabouw			
Asset Type	Fixed Asset			
Key Staff Involved	N Kayser			
Staff Responsibilities	Project Management			
	`2011/12	`2012/13	`2013/14	2014/15
Asset Value				5,238
Capital Implications	Maintanance cost and financing			
Future Purpose of Asset	To make provision for treatment of waste water			
Describe Key Issues	Fast growing community			
Policies in Place to Manage Asset	Assest Management Policy			
Asset 3				
Name	Site Saviwa housing development			
Description	Upgrading of Electrical Networks in Caledon			
Asset Type	Fixed Asset			
Key Staff Involved	F du Toit			
Staff Responsibilities	Project Management			
	`2011/12	`2012/13	`2013/14	2014/15
Asset Value				2,965
Capital Implications	Maintanance cost and financing			
Future Purpose of Asset	To make provision for Electrcity supply for new Housing Development			
Describe Key Issues	Fast growing community			
Policies in Place to Manage Asset	Assest Management Policy			
				T5.3.2

Chapter 5

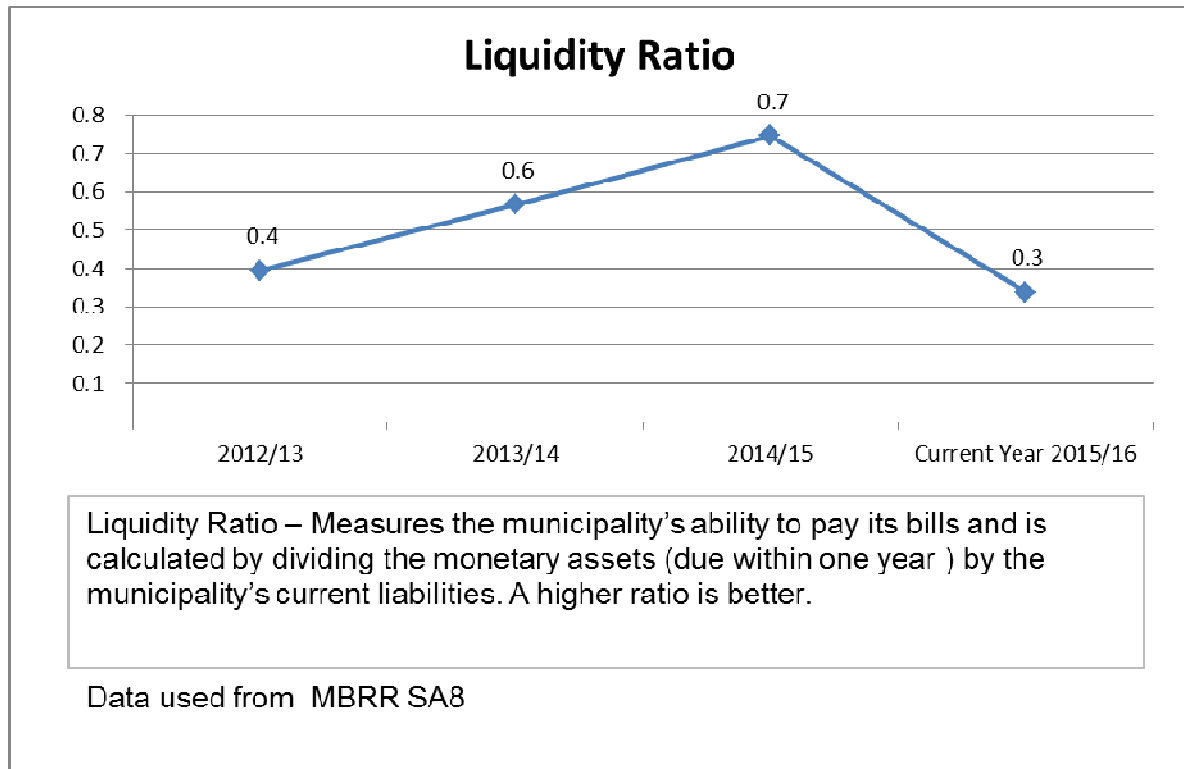
Repair and Maintenance Expenditure: 2014/15				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	22,906	23,179	22,368	3.50%
T5.3.4				

The projected growth in Repairs & Maintenance of 34% in 2015/16 will bring this allocation closer to the National Treasury guideline of 10% against Total Expenditure. Repairs and Maintenance will make up 7% of Total Expenditure in 2015/16; from a low base of 5% in the past.

During the 2014/15 financial year the municipality's total expenditure on repairs and maintenance amounted to R22, 3 million representing 6.2% of total operating expenditure. This is a 21% increase from 2013/14 when the municipality spent R18.4m on repairs and maintenance.

This is proof that the municipality acknowledges the importance of spending on maintenance to ensure asset function optimally and reach their expected useful life. The municipality's first priority however is to ensure that day to day service delivery proceed undisturbed and has managed to do so within the limits of the budget. A rapid year on year increase in repairs and maintenance expenditure could have negative consequences such as cash shortages that in turn could hamper essential service delivery. Routine maintenance was however performed as planned.

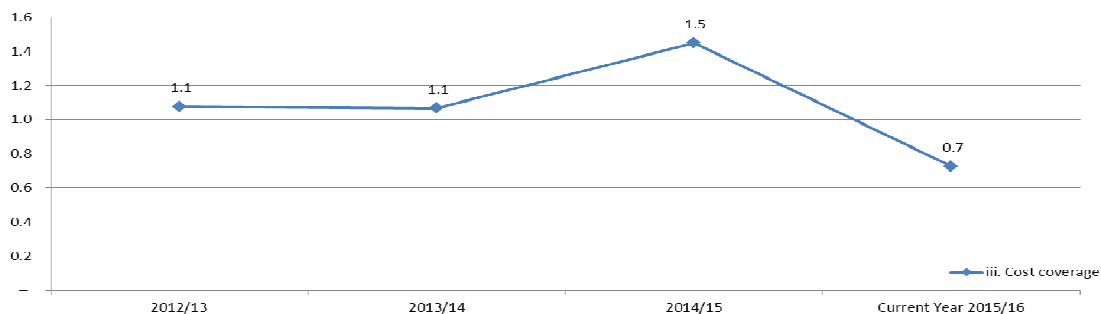
5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS



T5.4.1

Chapter 5

Cost Coverage

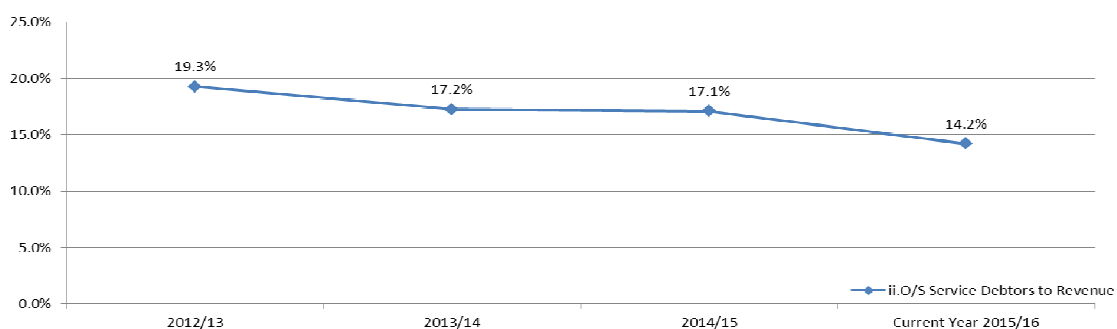


Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

Data used from MBRR SA8

T5.4.2

Total Outstanding Service Debtors



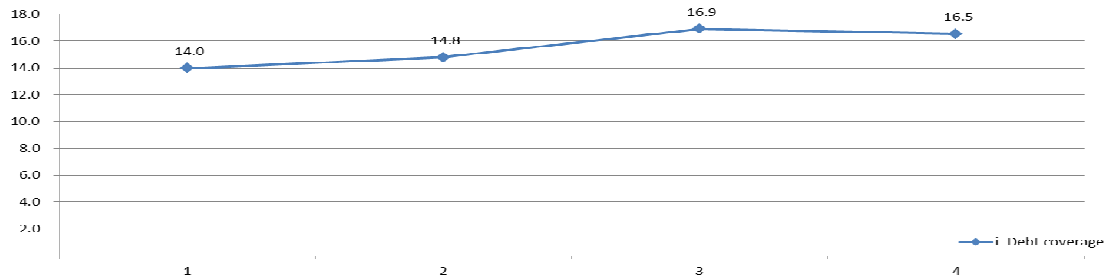
Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower score is better.

Data used from MBRR SA8

T5.4.3

Chapter 5

Debt Coverage

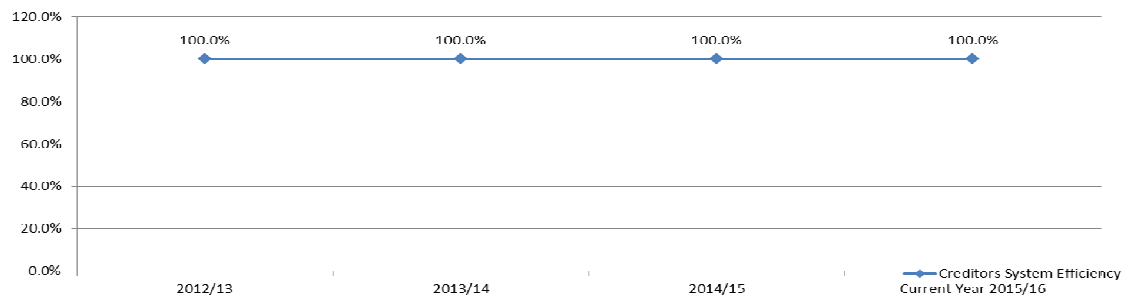


Debt Coverage— The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality

Data used from MBRR SA8

T5.4.4

Creditors System Efficiency



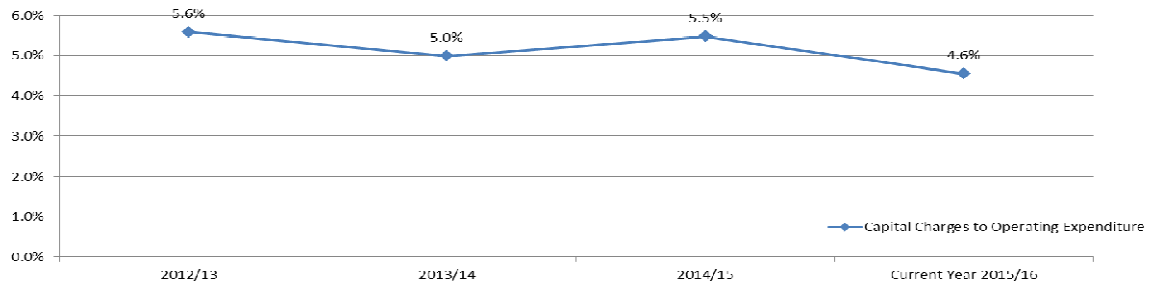
Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

Data used from MBRR SA8

T5.4.5

Chapter 5

Capital Charges to Operating Expenditure

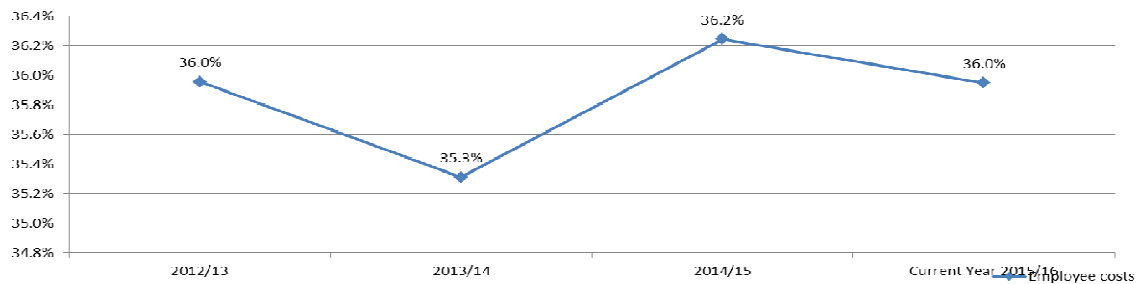


Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Data used from MBRR SA8

T5.4.6

Employee Costs

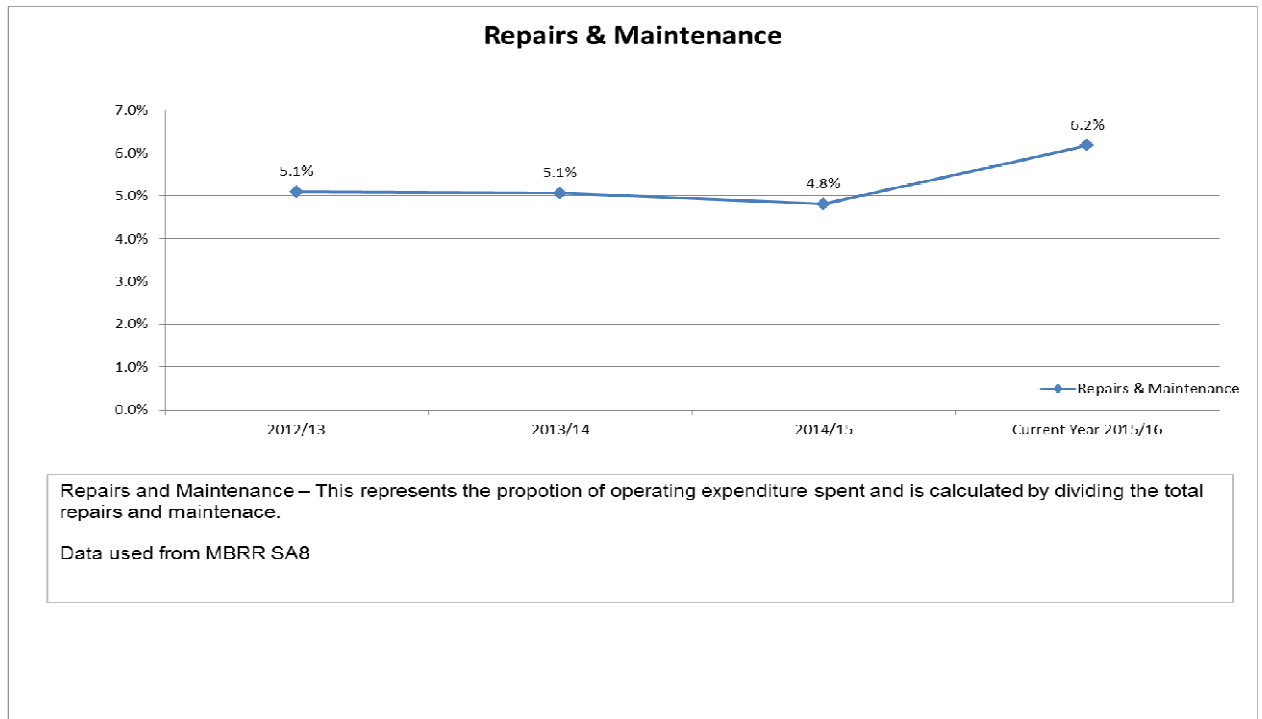


Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

Data used from MBRR SA8

T5.4.7

Chapter 5



T5.4.8

COMMENT ON RATIOS:

The result of the ratio between Current Assets and Current Liabilities reflects directly on the management of Theewaterskloof's liquidity position. At the very minimum the current assets should at least cover current liabilities at a ratio of 1:1 and for a healthy position the ratio should exceed 2:1. Theewaterskloof's liquidity levels improved in 2010/11 before declining again the following year due to the significant increase in Short term Provisions and Creditors. The improvement in the liquidity ratio for 2013/14 can be mainly attributed to an improvement in the cash position and an increase in unpaid Government Grants. Although the ratio is currently managed at a positive level of 1.2:1, it is essential for Theewaterskloof to carefully manage the increases in Creditors and Short Term Provisions and in turn make the necessary cash provisions in order to remain in a position to fulfill its short term obligations in the future. Figure 5.4.1 is indicative of the improvement of the municipalities liquidity position this is largely attributable to the improved cash position at 30 June 2015 (refer to the chapter: Cash and Investments)

The cost coverage ratio indicates the Municipality's ability to meet at least its monthly fixed operating commitments from cash and short-term investment without collecting any additional revenue, during that month. The norm set by National Treasury is that a municipality should have between one and three months cash to cover its monthly fixed expenses. Theewaterskloof's cost coverage position improved significantly over the last three years from having 1.1 months cash available in 2011/12 to 1.2 months available cash in 2013/14 and 1.5 months cash available in 2014/15 (almost at the national norm). Refer to the cash flow statement to see the effect of various initiatives implemented by the municipality to improve its cash position.

Chapter 5

The ratio for outstanding service debtors improved from 19.3% in 2012/13 to 17.2.1% in 2013/14. Much effort has been made over the last few years to improve debtor management and collection percentage. During the 2014/15 a large amount of irrecoverable debt was written off (R27,774m), a debt collection task team led by the Executive Mayor, Finance Portfolio Chairperson, Municipal Manager and CFO was established during the year 2013/14 financial year to identify the main causes for the poor collection rate and to monitor progress of action plans. The Grabouw door to door project was rolled out in 2014/15 and reaped relatively good results. . These interventions had led to an improvement in the collection rate. The debt coverage ratio decreased from 16.9 in 2013/14 to 16.5 in 2014/15. The door to door project will be further rolled out to town like Botriver and Genadendal in 2015/16.

Theewaterskloof always ensure that compliance with the MFMA requirement that all creditors must be paid within 30 days. When a municipality struggles to pay all creditors within 30 days it could be an indication of liquidity challenges and failing to pay creditors on time could result in fruitless and wasteful expenditure in the form of interest and could negatively affect service delivery as suppliers will become reluctant to transact with the municipality.

Capital Charges:

The Ratio indicates the cost required to service the borrowing. It assesses the Borrowing or Payment obligation expressed as a percentage of Total Operating Expenditure.

Operating below the Norm could indicate that the Municipality has the capacity to take on additional financing from borrowing to invest in infrastructure projects or it could relate to cash flow problems where it is unable to access borrowed funds or the funding decisions of the municipality impacts of these levels. On the other hand, exceeding the Norm could pose a risk to the Municipality should changes or fluctuations in financing costs arise.

The ratio for Theewaterskloof municipality is 5.5% in 2013/14deacreing to 4.6% in 2014/15. This is evident of the conscious decision taken by the municipality to only take up loans for counter funding or when no other income source exist and expenditure can't be avoided. The municipality's investments status and cash positions show that the decrease in the ration is not due to the municipality not being able to access loans.

See financial health overview for comments relating to employee expenditure as well as expenditure on repairs and maintenance.

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

Capital expenditure relates mainly to construction projects that will have value lasting over many years. Capital expenditure is funded from grants, borrowings and operating expenditures and surpluses.

The municipalities total capital expenditure for 2014/15 amounted to R73, 127m, the budget for the corresponding period was R67, 486, this budget was adjusted to R85,177m. The municipality therefor spent 86% of the available capital budget.

The largest project in the 2014/15 financial years were:

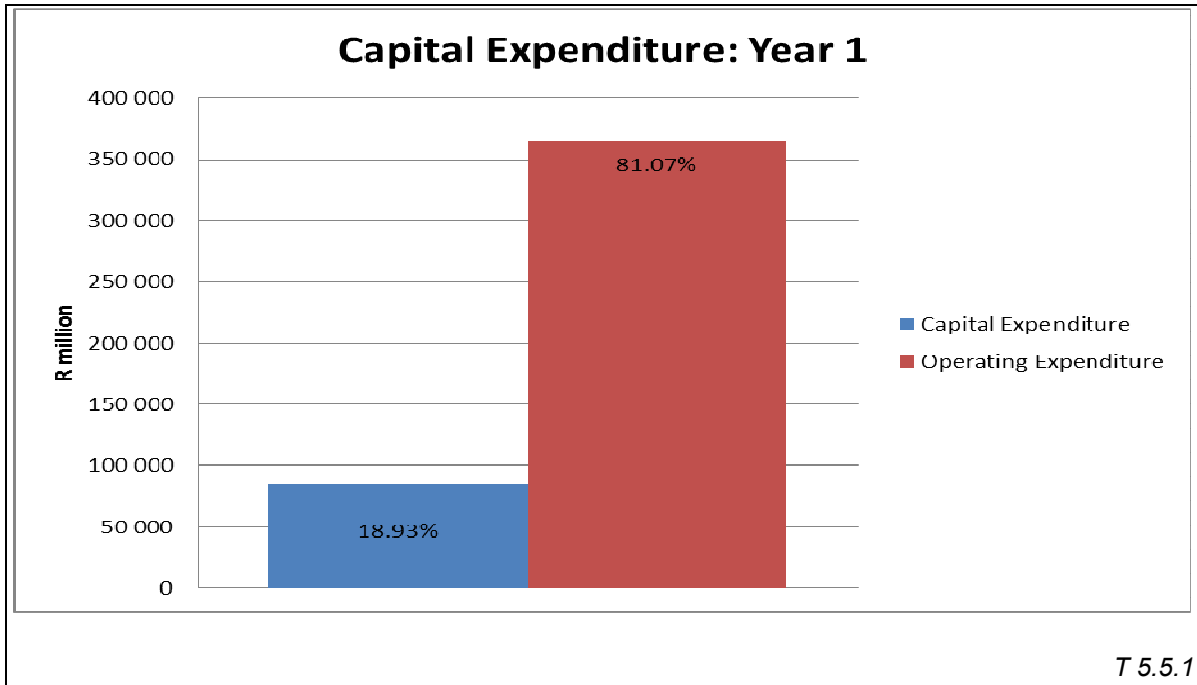
Low cost housing 22.5m (R31m budget)

Sports Facilities 10.3m (R11m budget)

Grabouw waste water treatment plant 6.2m (R7.8m budget)

Chapter 5

5.5 CAPITAL EXPENDITURE



Chapter 5

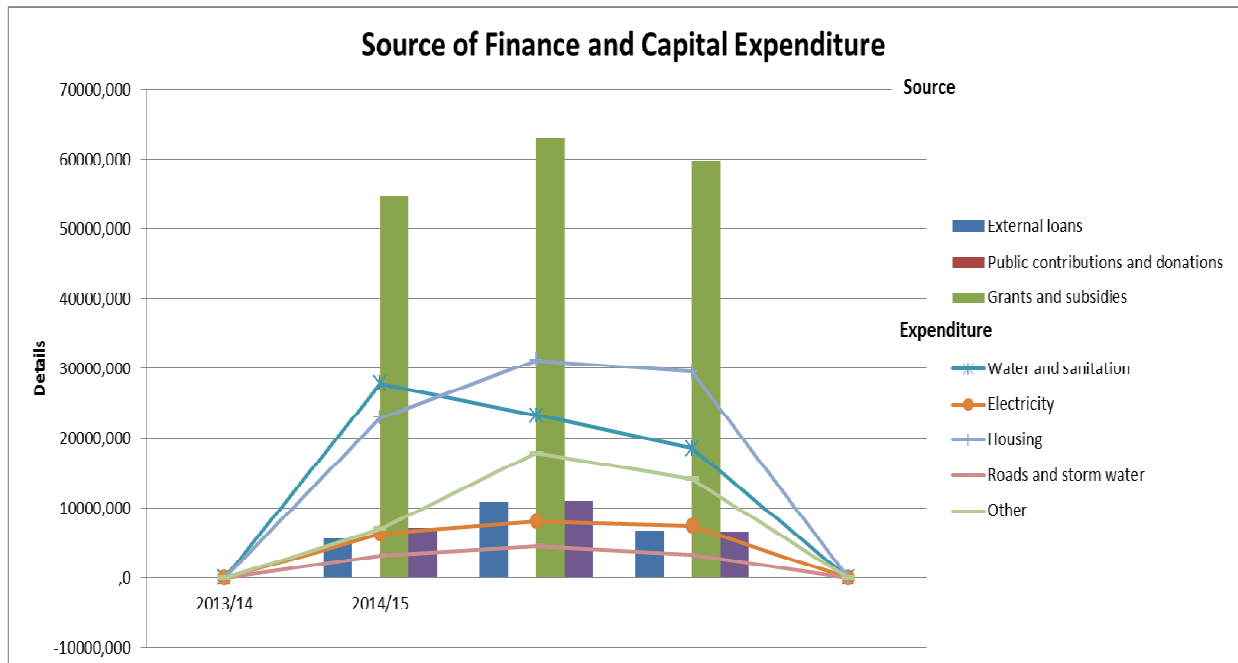
R million	Original Budget	Adjustment Budget	Un-audited Full Year Total	Original Budget variance	Adjusted Budget Variance
Capital Expenditure	67 547	85 177	73 127	-8.3%	14.1%
Operating Expenditure	301 202	364 816	369 191	-22.6%	-1.2%
Total expenditure	368 748	449 993	442 318	-20.0%	1.7%
Water and sanitation	27 846	29 299	29 565	33.3%	20.3%
Electricity	6 400	8 120	7 297	-19.9%	10.3%
Housing	22 964	31 229	29 555	-29.7%	5.4%
Roads, Pavements, Bridges and storm water	3 263	4 598	3 309	-1.2%	28.0%
Other	7 074	17 942	14 460	-104.4%	19.4%
	67 547	85 177	73 170	-8.3%	14.1%
External Loans	5 670	10 979	6 697	-17.9%	39.1%
Internal contributions	7 146	11 119	5 967	17.9%	47.2%
Grants and subsidies	54 731	63 091	60 616	-10.9%	3.9%
Other					
	67 547	85 177	73 170	-8.3%	14.1%
External Loans	5 670	10 979	7 466	-31.7%	32.0%
Grants and subsidies	54 731	63 091	59 937	-9.3%	5.1%
Investments Received					
Statutory Receipts (including VAT)					
Other Receipts					
Salaries, wages and allowances					
Cash and creditor payments					
Capital payments	67 547	85 177		100.0%	100.0%
Investments made					
External loans repaid			6 909		
Statutory Payments (including VAT)					
Other payments					
	Original Budget	Adjustment Budget	Un-audited Full Year Total	Original Budget variance	Adjusted Budget Variance
Property rates					
Service charges					
Other own revenue					
Employee related costs					
Provision for working capital					
Repairs and maintenance					
Bulk purchases					
Other expenditure					
Service charges: Electricity	73 419	72 994	72 937	1.5%	0.9%
Grants & subsidies: Electricity	2 498	2 499	3 510	-41.1%	-41.1%
Other revenue: Electricity					
	75 906	75 492	75 847	0.1%	-0.5%
Employee related costs: Electricity	4 925	4 925	4 793	0.7%	0.7%
Provision for working capital: Electricity	0	0	0		
Repairs and maintenance: Electricity	2 957	1 229	1 104	62.7%	10.1%
Bulk purchases: Electricity	44 029	44 470	44 593	-1.3%	-0.3%
Other expenditure: Electricity	9 096	7 693	3 793	59.2%	50.9%
	59 897	58 207	54 263	9.4%	6.9%
Service charges: Water	40 136	42 709	43 967	-9.5%	-2.9%
Grants & subsidies: Water	6 918	6 918	1 474	79.7%	79.7%
Other revenue: Water	1	1	4	-269.5%	-269.5%
	47 056	49 628	45 445	3.4%	8.4%
Employee related costs: Water	7 169	7 169	7 112	0.8%	0.8%
Provision for working capital: Water					
Repairs and maintenance: Water	3 093	2 933	3 037	1.5%	-3.6%
Bulk purchases: Water	10 621	10 621	10 096	5.0%	5.0%
Other expenditure: Water	20 623	20 766	17 692	14.2%	14.9%
	41 496	41 488	37 927	8.6%	8.6%
					-5.5.1

Chapter 5

5.6 SOURCES OF FINANCE

Capital Expenditure - Funding Sources Year 2013 to 2015						
R' 000						
Details	2013/14	2014/15				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance						
External loans	8,509	5,670	10,978	6,687	93.62%	17.94%
Public contributions and donations						
Grants and subsidies	46,802	54,731	63,081	59,838	15.26%	9.33%
Other	7,636	7,146	11,118	6,602	55.58%	-7.61%
Total	62,947	67,547	85,177	73,127	164.45%	19.66%
Percentage of finance						
External loans	13.5%	8.4%	12.9%	9.1%	56.9%	91.2%
Public contributions and donations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants and subsidies	74.4%	81.0%	74.1%	81.8%	9.3%	47.5%
Other	12.1%	10.6%	13.1%	9.0%	33.8%	-38.7%
Capital expenditure						
Water and sanitation	26,723	27,846	23,299	18,565	-16.33%	-33.33%
Electricity	3,300	6,400	8,120	7,470	26.88%	16.72%
Housing	16,661	22,964	31,229	29,555	35.99%	28.70%
Roads and storm water	5,192	3,263	4,588	3,303	40.59%	1.22%
Other	11,071	7,074	17,942	14,234	153.65%	101.23%
Total	62,947	67,547	85,177	73,128	240.77%	114.54%
Percentage of expenditure						
Water and sanitation	42.5%	41.2%	27.4%	25.4%	-6.8%	-29.1%
Electricity	5.2%	9.5%	9.5%	10.2%	11.2%	14.6%
Housing	26.5%	34.0%	36.7%	40.4%	14.9%	25.1%
Roads and storm water	8.2%	4.8%	5.4%	4.5%	16.9%	1.1%
Other	17.6%	10.5%	21.1%	19.5%	63.8%	88.4%
T5.6.1						

Chapter 5



COMMENT ON SOURCES OF FUNDING:

The sources of funding for capital expenditure are as follows:

Government grants and subsidies – 81.8%

External Loans -9.1%

Own Funds – 9.0%

Biggest variances on loans were attributable to the following projects that were underspent:

Caledon Cemetery – R400, 983

Grabouw Cemetery – R379, 387

Purchase of prepaid water meters – R2m

During the 2014/15 financial year the municipality started an investigation into purchasing of a new type of water meter, this meant that expenditure on the current type (at that time) had to be put on hold as it would make no sense for the municipality to continue purchasing the “old meters” and the investigation reveal that the “new meters” are more beneficial.

The underspending on Cemeteries was largely due to EIA processes taking longer than anticipated and due to the lack of available land within the Grabouw area.

More than 90% of both the original and adjustment budget was spent, this is yet another achievement of which TWK takes pride.

Chapter 5

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital Expenditure of 5 largest projects*					
R' 000					
Name of Project	Current Year: 2014/15			Variance Current Year: 2014/15	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
Low cost housing projects	22,964	31,229	29,555	-29%	-36%
Upgrading of Sport Facilities	3,286	11,245	10,303	-214%	-242%
Grabouw Waste Water Treatr	7,602	7,825	6,205	18%	-3%
Upgrading of Villiersdorp Wa	11,002	7,895	7,746	30%	28%
Site Saviwa Development	3,900	3,900	3,764	3%	0%
* Projects with the highest capital expenditure in Year 1					
Name of Project - A	Low cost housing projects				
Objective of Project	Provision for Basic Human Settlement				
Delays					
Future Challenges					
Anticipated citizen benefits					
Name of Project - B	Upgrading of Sport Facilities				
Objective of Project	Upgrading of Sport Facilities within the municipal Area				
Delays					
Future Challenges					
Anticipated citizen benefits					
Name of Project - C	Grabouw Waste Water Treatment Plant				
Objective of Project	Treatment of domestic waste generated through the sewerage system				
Delays					
Future Challenges					
Anticipated citizen benefits					
Name of Project - D	Upgrading of Villiersdorp Waste Water Treatment Works				
Objective of Project	Treatment of domestic waste generated through the sewerage system				
Delays					
Future Challenges					
Anticipated citizen benefits					
Name of Project - E	Site Saviwa Development				
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					
					T5.7.1

Chapter 5

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS- OVERVIEW

INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

Access to basic services within South Africa is a basic human right. It is also an indication of the quality of life of the inhabitants in the country. Access to basic services has a wider impact on education and health and therefore also on the economy. Of the four local municipalities within the Overberg District, Theewaterskloof has the largest population which is estimated at 114 780 in 2015. This total gradually increases across the 2015/16 MTREF years and is projected to reach 121 739 by 2020. In addition to population projections, the projections on the number of households form the basis of municipal service delivery planning and essentially inform budget allocations towards basic services such as water, electricity, sanitation and refuse removal. It is therefore vital that for budget planning and implementation purposes a municipality rely on credible and accurate household estimates.

The total number of households in the Theewaterskloof Municipality was estimated at 31 952 in 2015 growing from 29 794 households in 2011. Households therefore increased by 2 158 units at an annual average growth rate of 1.8 per cent. With agriculture being the biggest employer in the region it is also the biggest contributing factor to the migration phenomena into the region. The seasonality factor of agricultural employment causes people to move into the area during certain parts of the year and then remaining in the area even when agricultural employment ceases. These people now become the responsibility of the municipality, as they must receive services, housing even though they have no income to pay for these. This places a large financial and infrastructure burden on the municipality. The cost to provide free basic services was more than R14m during the 2014/15 financial year.

TWK prides itself in providing all households with at least the minimum service levels.

Service Backlogs as at 2014/15				
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water	30340	100%		%
Sanitation	30340	100%		%
Electricity	6143	100%		%
Waste management	30340	100%		%
Housing				%
% HHs are the service above/below minimum standard as a proportion of total HHs. 'Housing' refers to *formal and **informal settlements.				T5.8.2

Chapter 5

Municipal Infrastructure Grant (MIG)* Expenditure 2014/15 on Service backlogs						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Infrastructure - Road transport	2,477	2,475	2,413	-3%	-3%	
<i>Roads, Pavements & Bridges</i>	2,477	2,475	2,413	-3%	-3%	
<i>Storm water</i>	–	–	–			
Infrastructure - Electricity						
<i>Generation</i>						
<i>Transmission & Reticulation</i>						
<i>Street Lighting</i>						
Infrastructure - Water	4,852	946	944	-414%	0%	
<i>Dams & Reservoirs</i>						
<i>Water purification</i>	400	–	–			
<i>Reticulation</i>	4,452	946	944	-372%	0%	
Infrastructure - Sanitation	11,002	7,895	7,746	-42%	-2%	
<i>Reticulation</i>	11,002	7,895	7,746	-42%	-2%	
<i>Sewerage purification</i>						
Infrastructure - Other						
<i>Waste Management</i>						
<i>Transportation</i>						
<i>Gas</i>						
Other Specify:	3,286	10,301	10,301	68%	0%	
<i>Sport</i>	3,286	10,301	10,301	68%	0%	
Total	21,617	21,617	21,404	-1%	-1%	
<p>* MIG is a government grant program designed to fund a reduction in service backlogs, mainly: Water; Sanitation; Roads; Electricity. Expenditure on new, upgraded and renewed infrastructure is set out at Appendix M; note also the calculation of the variation. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</p>						T5.8.3

MIG grants have been utilised to redress the backlogs by implementing the following projects in the following areas:

Chapter 5

PROJECT	TOWN	FUNCTION	ADJUSTED BUDGET	ACTUAL YEAR-TO-DATE EXPENDED
Upgrading of Road Networks - Savory Gaffley Jan van Eck & Felix Street	Grabouw	Roads	539824	539824
Upgrading of Road Networks - Erica & Street 7	Villiersdorp	Roads	400737	359074
Upgrading of Road Networks - Bree & Pleinstreet	Riviersonderend	Roads	352456	347539
Upgrading of Road Networks - Lyle Medusa & Kosmos Street	Greyton	Roads	434649	422511
Upgrading of Road Networks - Fucia Hibiscus & Seymor Street	Botrivier	Roads	747368	744040
Upgrading of Villiersdorp Water Purification Works	Villiersdorp	Water	0	-
Upgrade of Bulk Water Grabouw: Water Treatment Works to Steenbras Reservoir rising main	Grabouw	Water	945725	943883
Upgrading of Villiersdorp Waste Water Treatment Works	Villiersdorp	Sewerage	7894736	7745658
Upgrade of Sport Facilities	Villiersdorp	Sport	10301339	10301339
Total			21 616 834.00	21 403 868.00

Chapter 5

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

Cash Flow is the movement of money into and out of the municipality's bank account, as money is received from ratepayers and consumers or paid out to staff and service providers. When more money flows in to the bank account than has to be paid out, the municipality has a cash surplus and can proceed with planned development projects that have been planned in the budget via the IDP process.

TWK municipality aims at ensuring optimal performance with the least possible risk, in managing and investing the cash resources of the municipality and to ensure transparency, accountability and appropriate lines of responsibility in the process. The municipality has a very comprehensive Cash and Investment policy guiding the municipality on all related matters.

There has been an improvement in the overall cash position of the municipality as a result of a cash based budget and improved cash management as well as the increased debt collection rate. The municipality's cash position increased from R27, 544m 2012/13 to R38m in 2013/14.

The municipality's current investments grew by R23, 932m from 2013/14 to 2014/15, bringing the closing balance of municipal current investment to R50, 709m at 30 June 2015. The municipality made a large fixed investment of R9, 627m to redeem a sinking fund loan over a period of 5 years.

Chapter 5

5.9 CASH FLOW

Cash Flow Outcomes				
R'000				
Description	2013/14	Current Year: 2014/15		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	197 790	228 062	231 860	218 115
Government - operating	69 048	103 590	127 946	76 014
Government - capital	78 786	54 670	61 638	108 006
Interest	12 171	8 962	9 480	11 607
Dividends				
Payments				
Suppliers and employees	(277 607)	(307 741)	(335 595)	(284 514)
Finance charges	(12 478)	(12 133)	(11 433)	(13 237)
Transfers and Grants	(912)	(1 000)	(1 000)	(1 351)
NET CASH FROM/(USED) OPERATING ACTIVITIES	66 799	74 410	82 897	114 641
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	1 584	1 656		5 755
Decrease (Increase) in non-current debtors				
Decrease (increase) other non-current receivables	586		5	(453)
Decrease (increase) in non-current investments	(190)			(9 642)
Payments				
Capital assets	(62 947)	(67 547)	(85 177)	(73 127)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(60 967)	(65 891)	(85 172)	(77 467)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans				
Borrowing long term/refinancing	11 275	5 670	5 670	0
Increase (decrease) in consumer deposits	354	213	220	233
Payments				
Repayment of borrowing	(6 978)	(7 183)	(6 974)	(6 973)
NET CASH FROM/(USED) FINANCING ACTIVITIES	4 651	(1 300)	(1 084)	(6 740)
NET INCREASE/ (DECREASE) IN CASH HELD	10 483	7 220	(3 359)	30 435
Cash/cash equivalents at the year begin:	27 545	15	38 218	38 028
Cash/cash equivalents at the year end:	38 028	7 235	34 859	68 462
Source: MBRR SA7				T5.9.1

Chapter 5

5.10 BORROWING AND INVESTMENTS

INTRODUCTION TO BORROWING AND INVESTMENTS

Any growing urban area requires substantial investments in infrastructure, and there are very few municipalities who receive enough in capital grants from national governments to finance all their requirements. This shortfall requires that municipalities look for alternative funding sources, or face the prospect that infrastructure backlogs become insurmountable, with serious negative implications for the quality of life and the economic growth of the urban area. One of these funding sources is to take up loans. Although taking up loans is an acceptable alternative financing source, particularly for huge infrastructure projects, the cost of credit must be considered and one has to strike a balance between community needs and affordability.

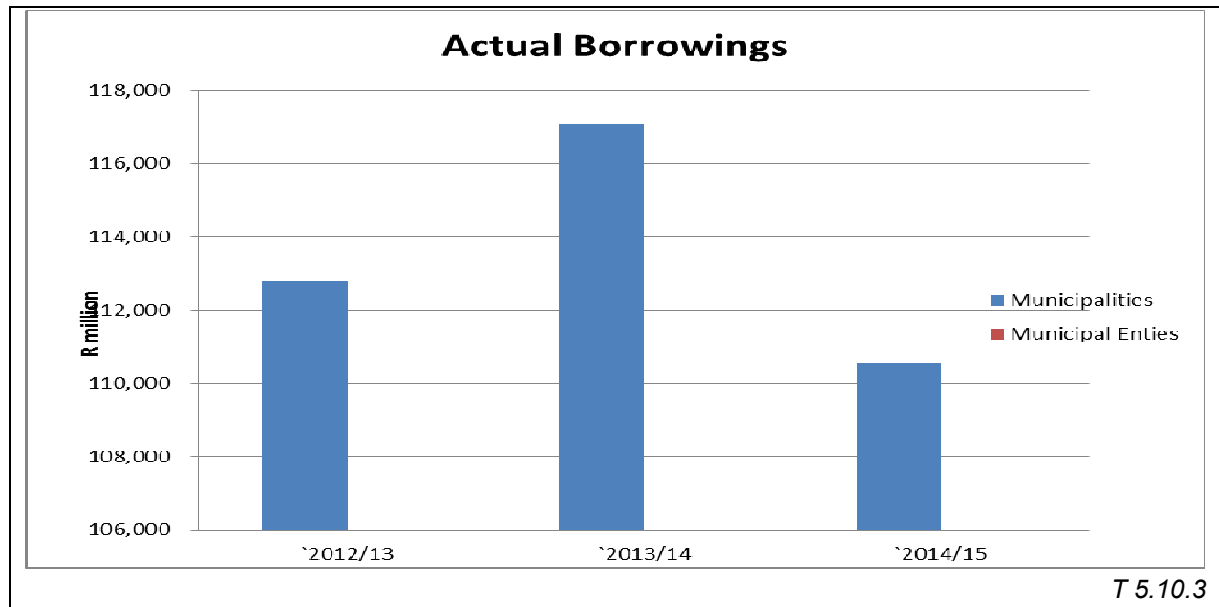
The municipality has for a number of financial years emphasized the loans will only be taken up as a matter of last resort. During the 2014/15 financial year no additional loans was taken up. The stock loan balance remained unchanged whilst the annuity loan balance decrease from R99,977 to 93,067m representing a R6,908m redemption of loans in the 14/15 financial year.

The balance of finance leases increased R64, 505 to R458, 477 that was attributable to a new finance lease taken up in 2014/15 to for 30 laptops as per operational needs and requirements.

Actual Borrowings 2012 to 2015			
	R' 000		
Instrument	2012/13	2013/14	2014/15
Municipality			
Long-Term Loans (annuity/reducing balance)	95 637	99 977	93 069
Long-Term Loans (Stock loans)	17 023	17 023	17 023
Local registered stock			
Instalment Credit			
Financial Leases	107	65	458
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Municipality Total	112,767	117,065	110,550
Municipal Entities			
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans (Stock loans)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Entities Total			

T5.10.2

Chapter 5



Chapter 5

Municipal and Entity Investments			
			R' 000
Investment* type	`2012/13	`2013/14	`2014/15
	Actual	Actual	Actual
Municipality			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank	20,740	26,967	59,776
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Municipal Bonds			
Other			
Municipality sub-total	20,740	26,967	59,776
Municipal Entities			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Other			
Entities sub-total	–	–	–
Consolidated total:	20,740	26,967	59,776
			T5.10.4

Chapter 5

5.11 PUBLIC PRIVATE PARTNERSHIPS

There are currently no Public Private Partnerships in place within TWK municipality.

T 5.11.1

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

MFMA section 110 - 119; SCM Regulations 2005; and relevant MFMA circulars set out required processes and guidance manuals to help ensure that SCM arrangements provide appropriate goods and services, offer best value for money and minimize the opportunities for fraud and corruption.

The Local Government: Municipal Finance Management Act, No 56 of 2003, MFMA) requires the municipality to have and implement a Supply Chain Management Policy (SCM Policy) which gives effect to the provisions of Part 1 of Chapter 11 of the Act that deals with 'Supply Chain Management'.

The accounting officer submits a report on the implementation of the SCM policy monthly to council.

Council has duly delegated the implementation of the Supply Chain Management Policy to the Accounting Officer who is responsible for taking all reasonable steps to ensure that proper mechanisms and separation of duties in the supply chain management system are in place to minimise the likelihood of fraud, corruption, favouritism and unfair and irregular practices

Supply Chain Management processes

The following thresholds are currently being adhered to in order to support the strategic and operational commitments of the municipality:

- f. Petty cash purchases, up to a transaction of value of R200.00(vat included);
- g. 1(One) written or verbal quotation for procurements of a transaction value up to R2,000.00 (VAT included)
- h. 3 (Three) written quotations for procurements of transaction value form R2,000.01 up to R30,000.00 (VAT included)
- i. 3 (Three) formal written price quotations for procurements of a transaction value over R30,000.00 up to R200,000.00 (VAT included); and
- j. A Competitive Bidding Process For-
 - i. Procurements above a transaction value of R200,000.00 (VAT included); and
 - ii. The procurement of long term contracts

Where the procurement will have budgetary implications for the future years, Section 33 of the MFMA regarding contracts must be complied with. Section 33 (1) will not apply to contracts valued at below R1million or as prescribed by National Treasury.

Chapter 5

5.13 GRAP COMPLIANCE

The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2013 (Act No. 2 of 2013) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Auditor-General has issued an unqualified audit opinion with no other matters on the financial statements for the past two financial years. The municipality has therefore complied with the requirements of the MFMA and DoRA and the financial statements were prepared in accordance with SA Standards of GRAP.

Chapter 6

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR -1

6.1 AUDITOR GENERAL REPORTS YEAR 2013/14 (PREVIOUS YEAR)

REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL ON THE THEEWATERSKLOOF MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Theewaterskloof Municipality set out on pages 3 to 82, which comprise the statement of financial position as at 30 June 2014, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2013 (Act No. 2 of 2013) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Chapter 6

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Theewaterskloof Municipality as at 30 June 2014 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

8. As disclosed in note 40 to the financial statements, the corresponding figures for 30 June 2013 have been restated as a result of errors discovered during 2014 in the financial statements of the municipality at, and for the year ended, 30 June 2013.

Impairments

9. As disclosed in note 21 to the financial statements, the total bad debt written off in the year amounted to R54 million (2012-13: R11,5 million).

Material under spending of the budget

10. As disclosed in note 45.1 to the financial statements, the municipality materially underspent the final approved capital budget by R7,1 million.

Additional matter

11. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited disclosure notes

12. In terms of section 125(2) (e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

13. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Chapter 6

Predetermined objectives

14. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the annual performance report of the municipality for the year ended 30 June 2014:
 - Strategic objective 4: infrastructure and bulk upgrades and replacements and expansions in order to address infrastructure and bulk services backlogs, make provision for developmental strategies and improve sustainability in the process (pages 48 to 57)
 - Strategic objective 5: improved environmental management (pages 51 to 57)
 - Strategic objective 6: increase community safety through traffic policing, bylaw enforcement and disaster management (page 51)
 - Strategic objective 7: To develop integrated and sustainable human settlements that will address the housing demand within the TWK area (pages 47 to 51)
15. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
16. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information*.
17. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
18. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected objectives.

Additional matters

19. Although I raised no material findings on the usefulness and reliability of the reported performance information for the selected objectives, I draw attention to the following matters:

Achievement of planned targets

20. Refer to the annual performance report on pages 41 to 57 for information on the achievement of planned targets for the year.

Unaudited supplementary information

21. The supplementary information set out on pages 58 to 119 does not form part of the annual performance report and is presented as additional information. I have not audited this schedule and, accordingly, I do not express a conclusion thereon.

Chapter 6

Compliance with legislation

22. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

Internal control

23. I considered internal control relevant to my audit of the financial statements, the annual performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

Auditor-General

Cape Town
28 November 2014



COMPONENT B: AUDITOR-GENERAL OPINION YEAR 2014/15 (CURRENT YEAR)

6.2 AUDITOR GENERAL REPORT YEAR 2014/15(CURRENT YEAR)

REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL ON THEEWATERSKLOOF MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Theewaterskloof Municipality set out on pages 3 to 86, which comprise the statement of financial position as at 30 June 2015, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Chapter 6

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2014 (Act No. 10 of 2014) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Theewaterskloof Municipality as at 30 June 2015 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Material impairments

8. As disclosed in notes 20 and 21 to the financial statements, receivables have been significantly impaired. The impairment allowance amounts to R118 million (77% of gross receivables) of which R76,8 million (50% of gross receivables) relates to services debtors.

Chapter 6

Restatement of corresponding figures

9. As disclosed in note 39 to the financial statements, the corresponding figures for 30 June 2014 have been restated as a result of errors discovered during the 2014-15 financial year in the financial statements of Theewaterskloof Municipality at, and for the year ended, 30 June 2014.

Material underspending of the budget

10. As disclosed in note 44.1 to the financial statements the municipality has underspent on its final approved capital budget to the amount of R12 million (2013-14: R7,1 million).

Additional matters

11. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited supplementary schedules

12. The supplementary information set out on pages 87 to 95 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

Unaudited disclosure notes

13. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

Report on other legal and regulatory requirements

14. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

15. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the annual performance report of the municipality for the year ended 30 June 2015:
 - Strategic objective 4: Infrastructure and bulk upgrades on pages 59 to 67
 - Strategic objective 5: Improved environmental management on pages 61 to 62
 - Strategic objective 6: Increased community safety on page 57
 - Strategic objective 7: Develop integrated and sustainable human settlements on page 53 to 55

Chapter 6

16. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
17. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information*.
18. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
19. I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected objectives.

Additional matters

20. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected objectives, I draw attention to the following matters:

Achievement of planned targets

21. Refer to the annual performance report on page 48 to 67 for information on the achievement of the planned targets for the year.

Unaudited supplementary information

22. The supplementary information set out on pages 68 to 169 does not form part of the annual performance report and is presented as additional information. I have not audited these schedules and, accordingly, I do not report thereon.

Compliance with legislation

23. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

Internal control

24. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

Chapter 6

Auditor-General

Cape Town

30 November 2015



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES:

Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National Treasury at specified intervals throughout the year. The Chief Financial Officer states that these data sets have been returned according to the reporting requirements.

Signed (Chief Financial Officer)..... Dated

T 6.2.5

GLOSSARY

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “ <i>full and regular</i> ” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “ <i>what we do</i> ”.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.

GLOSSARY

Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	<ul style="list-style-type: none"> • Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and

GLOSSARY

	express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p>

APPENDICES

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non- attendance
	FT/PT			%	%
Alderman C B Punt	Fulltime	Executive Mayor	DA	90%	10%
Councillor C Vosloo	Fulltime	Speaker	DA	100%	0%
Councillor P U Stanfliet	Fulltime	Technical Services	Ward 7 DA	100%	0%
Councillor M Tshaka	Fulltime	Corporate Services	Ward 13 DA	90%	10%
Councillor K Papier	Fulltime	Operational Services	Ward 3 DA	100%	0%
Councillor G Carelse	Fulltime	Development Services	COPE	95%	5%
Councillor N De Wet	Fulltime	Financial Services	Ward 5 DA	100%	0%
Councillor N Pieterse	Part Time	Corporate Services	Ward 9 DA	95%	5%
Councillor M Nongxaza	Part Time	Corporate Services	NICO	95%	5%
Councillor J Nellie	Part Time	Corporate Services	Ward 6 ANC	70%	30%
Councillor F Mankayi	Part Time	Corporate Services	ANC	65%	35%
Councillor M Koegelenberg	Part Time	Financial Services	Ward 4 DA	100%	0%
Councillor L Mathomela	Part Time	Financial Services	Ward 11DA	70%	30%
Councillor M Appel	Part Time	Financial Services	ANC		
Councillor J Hendricks	Part Time	Financial Services	ANC	85%	15%
Councillor M Plato	Part Time	Development Services	Ward 10 DA	95%	5%
Councillor I Sileku	Part Time	Development Services	DA	100%	0%
Councillor P de Wet	Part Time	Development Services	ANC	60%	40%
Councillor U Sipunzi	Part Time	Development Services	Ward 12 ANC	90%	5%
Councillor K Tiemie	Part Time	Technical Services	Ward 1 DA	100%	0%
Alderman C November	Part Time	Technical Service	ANC	90%	10%
Councillor C Thembani	Part Tim	Technical Service	Ward 8 ANC	95%	5%
Councillor J Van Niekerk	Part Time	Operational Services	NNP	60%	40%
Councillor M Hector	Part Time	Operational Services	Ward 2 DA	95%	5%
Councillor A Cupido	Part Time	Operational Service	ANC	100%	0%

Note: * Councillors appointed on a proportional basis do not have wards allocated to them

T A

Concerning T A

Delete Directive note before publication: Provide comments on the above table.

T A.1

APPENDICES

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
Performance and Audit Committee	The Performance and Audit Committee is an assurance provider to Council that evaluates the effective, efficient and transparent systems of financial and risk management and internal control that are maintained by the Council, which contribute to the efficient and effective utilisation of resources, safeguarding of assets and the accomplishment of established goals for operations or programs
Oversight Committee	<ul style="list-style-type: none"> • Undertake a review and analysis of the Annual Report, invite, receive and consider inputs from Councillors and Portfolio Committees on the Annual Report. • Consider written comments received on the Annual Report from the Public consultation process; • Conduct public hearings to allow the local community or any organs of state to make representations on the Annual report; • Receive and consider Councils' Performance- and Audit Committee views and comments on the annual financial statements and the performance report; • Preparation of the draft Oversight Report, taking into consideration the views and inputs of the public, representatives of the Auditor General, Organ of State, Council's performance and Audit Committee and Councillors
Risk Management Committee	The Risk Management Committee is responsible for assisting the Accounting Officer in addressing his oversight requirements of risk management and evaluating and monitoring the institution's performance with regards to risk management. The Risk management committee is appointed by the Accounting officer and its role is to formulate, promote and review the institution's ERM objectives, strategy and policy and monitor the process at strategic, management and operational levels.
Combined Management, Speaker and Executive Mayoral Committee	To share information, to obtain input from Politicians and determine policy direction
Management Committee	To deal with and consider various managerial aspects and items
Portfolio Committees	As per legislation
ICT Committee	The purpose of this committee is to establish an ICT Steering committee to govern and be accountable for the municipality's ICT environment and ensure that ICT conforms to legislation. The committee will advise in terms of an oversight role to Management/ Council on all matters relating to ICT and be responsible for various ICT activities
Planning	To plan the next 3-year budget including Review of IDP and previous IDP

APPENDICES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
Financial Sustainability	This committee plans, organize, coordinate, drive, support and oversee the successful implementation of the financial sustainability plan of Theewaterskloof Municipality
Ward Committees	<ul style="list-style-type: none"> • The Ward committee is the official liaison mechanism on all municipal matters within the community. • The ward committee assists in the drafting of the Ward IDPs and Budget. • They review the community input and participate in the Town Advisory Forum. The ward committee is also responsible for reviewing and approving the Service Level Agreements (SLAs). • They make recommendations to Council reports. • They consider the quick win budget for their ward. They report back to their constituencies on issues discussed at the Ward committee meetings
Town Advisory Committees	<ul style="list-style-type: none"> • The TAF meets when the Ward committee's input for a town as a whole. • The role and function of the TAF is to advise and make recommendations to Council on behalf of the community within their respective wards on matters pertaining to the IDP and Budget, Service delivery and developmental projects within the town. • The TAF is the official body which the Municipality will liaise with regarding the matters affecting the entire town.
T B	

APPENDICES

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director/Manager (State title and name)
Use as a spill-over schedule if top 3 tiers cannot be accommodated in chapter 2 (T2.2.2).	T C

APPENDICES

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Municipal / Entity Functions

MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
Constitution Schedule 4, Part B functions:		
Air pollution	Yes	
Building regulations	Yes	
Child care facilities	No	
Electricity and gas reticulation	No	
Fire fighting services	No	
Local tourism	Yes	
Municipal airports	No	
Municipal planning	Yes	
Municipal health services	No	
Municipal public transport	No	
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	No	
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No	
Stormwater management systems in built-up areas	Yes	
Trading regulations	Yes	
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes	
Beaches and amusement facilities	No	
Billboards and the display of advertisements in public places	Yes	
Cemeteries, funeral parlours and crematoria	Yes	
Cleansing	Yes	
Control of public nuisances	Yes	
Control of undertakings that sell liquor to the public	No	
Facilities for the accommodation, care and burial of animals	No	
Fencing and fences	Yes	
Licensing of dogs	No	
Licensing and control of undertakings that sell food to the public	No	
Local amenities	No	
Local sport facilities	Yes	
Markets	Yes	
Municipal abattoirs	No	
Municipal parks and recreation	Yes	
Municipal roads	Yes	
Noise pollution	Yes	
Pounds	Yes	
Public places	Yes	
Refuse removal, refuse dumps and solid waste disposal	Yes	
Street trading	Yes	
Street lighting	Yes	
Traffic and parking	Yes	
* If municipality: indicate (yes or No); * If entity: Provide name of entity		T D

APPENDICES

APPENDIX E – WARD REPORTING

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
Ward 1	K Tiemie (Ward Councillor)	Yes	Seven (7)		Two (2)
	C Botha				
	M Kroukamp				
	V Fisher				
	A Mouton				
	W Pretorius				
	E Fillies				
	J Sebonka				
	J de Jager				
	A Prins				
Ward 2	M Hector (Ward Councillor)	Yes	Eight (8)		Two (2)
	B Coetzee				
	C Smith				
	G Juries				
	J Coert				
	A Magerman				
	C Windvogel				
	C Myburgh				
	J Kroukamp				
	C Barthus				
	M Reid				
Ward 3	K Papier (Ward Councillor)	Yes	Six (6)		Two (2)
	C van Wyk				
	G Simons				
	S Swarts				
	K Hoffman				
	E van der Ventel				
	A de Bruin				
	N Jende				
	R Carelse				
	M Pietersen				

APPENDICES

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
Ward 4	M Koegelenberg (Ward Cllr)	Yes	Five (5)		Two (2)
	G Visser				
	JP de Witt				
	A Rossouw				
	J Norval				
	V Watton				
	M Wessels				
	S Young				
	J Hauman				
	E Labuschagne				
Ward 5	C Lamprecht (Ward Cllr)	Yes	Eight (8)		Two (2)
	D Fyfer				
	A Louw				
	H Schoeman				
	C Nel				
	B Davids				
	I Botha				
	C Balie				
	N Japhta				
	J Jansen				
	C Young				
Ward 6	J Nellie (Ward Councillor)	Yes	Eight (8)		Two (2)
	S Ntantiso				
	J Jantjies				
	H Schoeman				
	C Balie				
	J Lakey				
	V Hendricks				
	R Pietersen				
	R Brinkhuys				
	J McKenzie				
	T van Rooyen				
Ward 7	P Stanfliet (Ward Cllr)	Yes	Six (6)		Two
	J Swanepoel				
	I Andries				
	G Visagie				
	N Greeff				
	R Jacobs				
	N Kaptein				
	I Swartz				
	Q Williams				
	E Herman				

APPENDICES

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
Ward 8	C Thembani (Ward Cllr)	Yes	Seven (7)		Two (2)
	M Jiba				
	E Gertze				
	A Plaatjies				
	M Mosolo				
	T Tsetse				
	P Louw				
	T Kanetsi				
	E Mars				
	A Mentile				
	J Stena				
Ward 9	N Pietersen (Ward Cllr)	Yes	Eight (8)		Two (2)
	D Jooste				
	J Gerbers				
	I Kortje				
	G Julies				
	J Titus				
	M Koelman				
	N Fortuin				
	N Goniwe				
	L Jacobs				
	H Schoeman				
Ward 10	M Plato-Mentoor (Ward Cllr)	Yes	Six (6)		Two (2)
	P Aploon				
	J Rawboue-Viljoen				
	R Damons				
	W Williams				
	R Fisher				
	J De Bruin				
	JC van der Merwe				
	R Mathews				
	C Januarie				
Ward 11	L Matomela (Ward Cllr)	Yes	Seven (7)		Two (2)
	R Johnson				
	J Fortuin				
	K Thezaphi				
	Q Bosman				
	A Theron				
	P Kwaza				
	Z Fentele				

APPENDICES

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
Ward 12	U Sipunzi (Ward Cllr)	Yes	Seven (7)		Two (2)
	M Wani				
	A Inyinbor				
	C Absalom				
	L Madizeni				
	S Daniels				
	A Hoorn				
	W Nomxhanya				
	M Mabentisela				
	H Syster				
Ward 13	M Tshaka (Ward Cllr)	Yes	Seven (7)		Two (2)
	L Vosloo				
	A Kortje				
	S Baba				
	M le Roux				
	H Waterboer				
	M Bhangaza				
	J Fourie				
	S Maziza				
	N Swanepoel				

APPENDICES

APPENDIX F – WARD INFORMATION

Capital Projects: Seven Largest in Year 1 (Full List at Appendix X)

				R' 000
No.	Project Name and detail	Start Date	End Date	Total Value
	Grabouw WWTW upgrade	2012	12/07/2014	46 900
	Villiersdorp WWTW upgrade	2013	Ongoing	33 060
	Grabouw Bulk Water upgrade (new reservoir)	2013	Ongoing	6 500
	Villiersdorp Sport ground	2014	Ongoing	16 000
	Villiersdorp Reservoir	2012	2014	6 500

T F.1

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Households with minimum service delivery.	26449	26449		26449	
Households without minimum service delivery	0	0		0	
Total Households*	26449	26449		26449	
Houses completed in year					
Shortfall in Housing units.					

*Including informal settlements

T F.2

Top Four Service Delivery Priorities for Ward (Highest Priority First)		
No.	Priority Name and Detail	Progress During Year 0

T F.3

ELECTED WARD MEMBERS (STATING NUMBER OF MEETING ATTENDED – MAXIMUM 12 MEETINGS)

Names: xxx (8); xxx (7)...

T F.3

APPENDICES

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 2014/15

Municipal Audit Committee Recommendations

Date of Committee	Committee recommendations during Year 1	Recommendations adopted (enter Yes) If not adopted (provide explanation)
28-Aug-14	Draft Financial Statements for the Year ended 30 June 2014	Yes
29-Aug-14	Audit Work Completed and Planned	Yes
29-Aug-14	Supply Chain Management 4th Quarter 2013/2014	Yes
29-Aug-14	Strategic Risks Audit	Yes
29-Aug-14	Credit Control and Debt Collection Audit	Yes
29-Aug-14	Solid Waste Audit	Yes
29-Aug-14	Municipal Systems Act & Municipal Structures Act Compliance Audit	Yes
29-Aug-14	Inventory Audit	Yes
29-Aug-14	Allowances Audit	Yes
29-Aug-14	Cost of Compliance Audit	Yes
29-Aug-14	Internal Audit Follow-up Reports	Yes
29-Aug-14	Revised Annual Risk Based Internal Audit Plan 2014/2015	Yes
29-Aug-14	Internal Audit Charter	Yes
29-Aug-14	Review of Risk Management Committee Charter	Yes
29-Aug-14	Review of Risk Management Policy	Yes
29-Aug-14	Review of Risk Management Process Plan	Yes
29-Aug-14	Review of Risk Management Strategy	Yes
29-Aug-14	Minutes of the Risk Management Committee	Yes
29-Aug-14	Minutes of the Section 32(2)(b) of the MFMA Committee	Yes
29-Aug-14	2013/2014 Performance Assessment	Yes
29-Aug-14	Financial Services SOP Excel Documents	Yes
29-Aug-14	Technical Services: Improving Controls Regarding the Purchase of Fuel	Yes
29-Aug-14	Financial Services: Lease vs Purchase of Dozer	Yes
26-Sep-14	Auditor General's Strategic Plan - 2013/2014 Audit	Yes
5-Dec-14	Audit Work Completed and Planned	Yes
5-Dec-14	MFMA Compliance Audit	Yes

APPENDICES

5-Dec-14	Solid Waste First Quarter Audit	Yes
5-Dec-14	Inventory First Quarter Audit	Yes
5-Dec-14	Internal Audit Follow-up Reports	Yes
5-Dec-14	2014/2015 First Quarter Performance Assessment	Yes

Municipal Audit Committee Recommendations

Date of Committee	Committee recommendations during Year 1	Recommendations adopted (enter Yes) if not adopted (provide explanation)
5-Dec-14	Out dated Bylaws	Yes
5-Dec-14	Quarterly Budget Statement for the First Quarter Ending 30 September 2014	Yes
20-Jan-15	Audit Work Planned	Yes
20-Jan-15	2013/2014 Annual Report	Yes
6-Mar-15	Audit Work Completed and Planned	Yes
6-Mar-15	Inventory Second Quarter Audit	Yes
6-Mar-15	Backlog in Infrastructure Audit	Yes
6-Mar-15	Solid Waste Second Quarter Audit	Yes
6-Mar-15	Supply Chain Management 1st Quarter 2014/2015	Yes
6-Mar-15	Maintenance on Proclaimed Roads	Yes
6-Mar-15	Internal Audit Follow-up Reports	Yes
6-Mar-15	Auditor General Report Follow-Up	Yes
6-Mar-15	2014/2015 Mid-Year Performance Assessment	Yes
6-Mar-15	Internal Audit Charter	Yes
6-Mar-15	Internal Audit Budget 2015/2016	Yes
6-Mar-15	Anti-Corruption Strategy Revised 2014	Yes
6-Mar-15	Quarterly Budget Statement for the Second Quarter Ending 31 December 2014	Yes
6-Mar-15	Financial Statements 31 December 2014	Yes
6-Mar-15	Minutes of the Risk Management Committee	Yes
6-Mar-15	Status of ICT Governance and Risk in TWK	Yes
6-Mar-15	Villiersdorp Housing Tender DEV03/2010/2011	Yes
5-Jun-15	Audit Work Completed and Planned	Yes
5-Jun-15	Inventory Third Quarter Audit	Yes
5-Jun-15	Solid Waste Third Quarter Audit	Yes
5-Jun-15	Supply Chain Management 2nd Quarter Audit	Yes
5-Jun-15	Supply Chain Management 3rd Quarter Audit	Yes
5-Jun-15	Disaster Management Audit	Yes
5-Jun-15	Influx of unemployed, unskilled, homeless people audit	Yes
5-Jun-15	Internal Audit Follow-up Reports	Yes
5-Jun-15	2014/2015 Third Quarter Performance Assessment	Yes
5-Jun-15	Performance and Audit Committee Evaluation	Yes
5-Jun-15	Internal Audit Evaluation	Yes
5-Jun-15	Meeting Schedule	Yes

APPENDICES

5-Jun-15	Annual Risk Based Internal Audit Plan 2015/2016	No, the first quarter's plan was adopted. The plan should be reviewed that less time be spent on Cash and Stock Counts and more time on Risk Based Audit and that stock counts be reduces to 2 times a year
5-Jun-15	INCA Report	Yes

Municipal Audit Committee Recommendations

Date of Committee	Committee recommendations during Year 1	Recommendations adopted (enter Yes) If not adopted (provide explanation)
5-Jun-15	Quarterly Budget Statement for the third quarter statement ending 31 March 2015	Yes
5-Jun-15	Minutes of the Risk Management Committee	Yes
5-Jun-15	ICT Policy	Yes
5-Jun-15	Shared Services	Yes

APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

[illegible]

APPENDICES

[illegible]

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APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE



APPENDICES

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July to 30 June of Year 0 (Current Year)		
Position	Name	Description of Financial interests* (Nil / Or details)
(Executive) Mayor		
Member of MayCo / Exco		
Councillor		
Municipal Manager		
Chief Financial Officer		
Deputy MM and (Executive) Directors		
Other S57 Officials		

* Financial interests to be disclosed even if they incurred for only part of the year. See MBRR SA34A

APPENDICES

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote						
						R' 000
Vote Description	Year 0	Current Year: Year 1			Year 1 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Vote 1 - Executive & Council	6 571	8 442	7 741	7 372	-15%	-5%
Vote 2 - Finance & Admin	147 914	122 951	122 370	133 599	8%	8%
Vote 3 - Planning & Development	2 371	2 026	2 722	2 004	-1%	-36%
Vote 4 - Community & Social Services	6 113	6 155	6 432	6 156	0%	-4%
Vote 5 - Housing	-	-	71 162	59 099	100%	-20%
Vote 6 - Public Safety	30 022	14 622	24 373	25 340	42%	4%
Vote 7 - Sport & Recreation	(332)	75	(685)	(780)	110%	12%
Vote 8 - Environmental Protection	-	-	-	-		
Vote 9 - Waste Management	25 517	30 202	30 202	26 211	-15%	-15%
Vote 10 - Waste Water Management	23 730	25 898	26 907	25 581	-1%	-5%
Vote 11 - Roads Transport	5 340	5 601	6 684	5 078	-10%	-32%
Vote 12 - Water	39 417	47 056	49 628	45 445	-4%	-9%
Vote 13 - Electricity	69 845	75 906	75 482	75 847	0%	0%
Vote 14 - Other	82 744	79 643	31 332	31 442	-153%	0%
Vote 15 - [NAME OF VOTE 15]						
Total Revenue by Vote	439 252	418 577	454 351	442 395		
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3						T K.1

APPENDICES

APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source						
Description	R '000					
	'2013/14	'2014/15			Year 1 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	58 673	68 910	68 910	68 769	-0.21%	-0.21%
Property rates - penalties & collection charges	-	-	-			
Service Charges - electricity revenue	64 594	72 911	69 284	75 847	3.87%	8.65%
Service Charges - water revenue	37 087	40 136	42 709	45 445	11.68%	6.02%
Service Charges - sanitation revenue	19 983	20 248	21 257	16 140	-25.45%	-31.70%
Service Charges - refuse revenue	20 723	22 795	22 795	16 370	-39.25%	-39.25%
Service Charges - other	145	159	210	158	-0.63%	-32.91%
Rentals of facilities and equipment	1 936	1 607	1 766	1 467	-9.54%	-20.38%
Interest earned - external investments	2 904	2 482	3 000	5 134	51.66%	41.57%
Interest earned - outstanding debtors	9 267	6 480	6 480	6 473	-0.10%	-0.10%
Dividends received	-	-	-			
Fines	29 835	14 334	24 284	25 247	43.23%	3.81%
Licences and permits	2 635	2 724	2 469	2 561	-6.39%	3.58%
Agency services	2 189	2 332	2 400	2 435	4.23%	1.44%
Transfers recognised - operational	108 864	103 590	122 945	109 684	5.56%	-12.09%
Other revenue	33 060	4 963	4 205	5 126	3.18%	17.98%
Gains on disposal of PPE	310	235	-	1 867	87.41%	100.00%
Environmental Protection	-	-	-	-		
Total Revenue (excluding capital transfers and contributions)	392 205	363 907	392 712	382 724	4.92%	-2.61%
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.						T K.2

APPENDICES

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG						R' 000
Details	Budget	Adjust-ments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjust-ments Budget	
National Treasury						
<i>Equitable Share (Indigent)</i>	62 481	62 481	62 481	0%	0%	
<i>Local Government Financial Management Grant (FMG)</i>	1 600	1 600	1 600	0%	0%	
<i>Municipal System Improvement Grant (MSIG)</i>	934	825	934	0%	12%	
<i>National Electrification Programme (NEP)</i>	3 900	3 900	3 900	0%	0%	
<i>Expanded Public Works Programmes</i>	1 106	1 106	1 106	0%	0%	
<i>Regional Bulk Infrastructure Grant (RBIG)</i>	7 602	5 441	6 220	-22%	13%	
<i>Municipal Disaster Recovery</i>	0	1 385	1 385	100%	0%	
Total	77 623	76 738	77 626	0%	1%	
Provincial Treasury						
<i>Integrated Housing and Human Settlement & Dev. Grant</i>	47 622	71 162	73 293		3%	
<i>CDW Operational Support Grant</i>	122	232	122		-90%	
<i>Maintenance Of Proclaimed Main Roads</i>	92	92	92	0%	0%	
<i>Library Service Conditional Grant</i>	6 075	6 185	6 075	0%	-2%	
<i>Finacial Management Support Grant (100 000)</i>	0	100	1 337	100%	93%	
<i>Financial management Support Grant (350 000)</i>	0	350				
<i>Financial management Support Grant (987 000)</i>	0	987				
<i>Municipal Infrastructure Support Grant</i>	0	1 018	1 018	100%	0%	
Total	53 911	80 126	81 937		2%	
Other Specify						
<i>SETA</i>	769	769	279	-176%	-176%	
<i>DBSA LEDI</i>	0	345	0			
<i>HAN students</i>	1 000	1 222	1 400	29%	13%	
<i>IDC Grant</i>	0	266	0			
Total	1 769	2 602	1 678			
* This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant						TL

COMMENT ON CONDITIONAL GRANTS EXCLUDING MIG:

Delete Directive note once comment is completed – Use this box to provide additional information on grant benefits or conditions and reasons for acceptance.

T L.1

APPENDICES

APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES

APPENDIX M (i): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

APPENDICES

Capital Expenditure - New Assets Programme*							
R '000							
Description	Year 0	Year 1			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total	-	3 900	3 900	3 764	-	-	-
Infrastructure: Road transport - Total	-	-		-	-	-	-
Roads, Pavements & Bridges							
Storm water							
Infrastructure: Electricity - Total	-	3 900	3 900	3 764	-	-	-
Generation							
Transmission & Reticulation		3 900	3 900	3 764			
Street Lighting							
Infrastructure: Water - Total	-	-		-	-	-	-
Dams & Reservoirs							
Water purification							
Reticulation							
Infrastructure: Sanitation - Total	-	-		-	-	-	-
Reticulation							
Sewerage purification							
Infrastructure: Other - Total	-	-		-	-	-	-
Waste Management							
Transportation							
Gas							
Other							
Community - Total	-	3 286	12 349	10 317	-	-	-
Parks & gardens							
Sportsfields & stadia		3 286	11 245	10 303			
Swimming pools							
Community halls							
Libraries		-	310	-			
Recreational facilities							
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries		-	794	14			
Social rental housing							
Other							
Table continued next page							
Table continued from previous page							

APPENDICES

APPENDIX M (ii): CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME

APPENDICES

Capital Expenditure - New Assets Programme*							
R '000							
Description	Year 0	Year 1			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Heritage assets - Total	-	180	460	324	-	-	-
Buildings		180	460	324			
Other							
Investment properties - Total	-	22 964	31 229	29 555	-	-	-
Housing development		22 964	31 229	29 555			
Other							
Other assets	-	3 218	4 407	3 081	-	-	-
General vehicles		-	1 000	96			
Specialised vehicles							
Plant & equipment							
Computers - hardware/equipment							
Furniture and other office equipment		3 218	3 407	2 985			
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other							
Agricultural assets	-	-		-	-	-	-
List sub-class							
Biological assets	-	-		-	-	-	-
List sub-class							
Intangibles	-	-		-	-	-	-
Computers - software & programming							
Other (list sub-class)							
Total Capital Expenditure on new asset	-	33 548	52 345	47 041	-	-	-
Specialised vehicles	-	-		-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							

* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)

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APPENDICES

Capital Expenditure - Upgrade/Renewal Programme*							
R '000							
Description	Year 0	Year 1			Planned Capital		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total	-	33 609	32 106	25 390	-	-	-
Infrastructure: Road transport -Total	-	3 263	4 588	3 303	-	-	-
Roads, Pavements & Bridges		3 263	3 642	3 094			
Storm water	-	-	946	209			
Infrastructure: Electricity - Total	-	2 500	4 220	3 522	-	-	-
Generation							
Transmission & Reticulation		2 500	4 220	3 522			
Street Lighting							
Infrastructure: Water - Total	-	9 242	5 379	2 526	-	-	-
Dams & Reservoirs							
Water purification		400		-			
Reticulation		8 842	5 379	2 526			
Infrastructure: Sanitation - Total	-	18 604	17 920	16 039	-	-	-
Reticulation		18 604	17 920	16 039			
Sewerage purification							
Infrastructure: Other - Total	-	-		-	-	-	-
Waste Management							
Transportation							
Gas							
Other							
Community	-	-		-	-	-	-
Parks & gardens							
Sportsfields & stadia							
Swimming pools							
Community halls							
Libraries							
Recreational facilities							
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other							
Heritage assets	-	390	726	696	-	-	-
Buildings		390	726	696			
Other							
Table continued next page							
Table continued from previous page							

APPENDICES

Capital Expenditure - Upgrade/Renewal Programme*							
R '000							
Description	Year 0	Year 1			Planned Capital		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Investment properties	-	-		-	-	-	-
Housing development							
Other							
Other assets	-	-		-	-	-	-
General vehicles							
Specialised vehicles							
Plant & equipment							
Computers - hardware/equipment							
Furniture and other office equipment							
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other							
Agricultural assets	-	-		-	-	-	-
List sub-class							
Biological assets	-	-		-	-	-	-
List sub-class							
Intangibles	-	-		-	-	-	-
Computers - software & programming							
Other (list sub-class)							
Total Capital Expenditure on renewal of existing assets	-	33 999	32 832	26 086	-	-	-
Specialised vehicles	-	-		-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							
* Note: Information for this table may be sourced from MBRR (2009: Table SA34b)							T M.2

APPENDICES

APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 0

Capital Programme by Project: 2014/15					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Water	9 242	5 379	2 526		
Upgrading of Villiersdorp Water Purification Works	400	0	0		
Upgrade of Bulk Water Grabouw: Water Treatment Works	6 842	2 361	1 342	-76%	-410%
Repair and Replace Water pre-paid meters	2 000	2 600	817	-218%	-145%
Basic Services - Site Saviwa	0	418	368	-14%	100%
Electricity	6 400	8 120	7 287		
New 185mm2 MV cable between Aandblom and Veldblom	2 500	2 500	2 342	-7%	-7%
Site Saviwa housing development	3 900	3 900	3 764	-4%	-4%
Upgrading of 11kV Network Greyton and Villiersdorp	0	1 400	1 133	-24%	100%
Replace Miniature Substation Kerkstraat Villiersdorp	0	320	47	-576%	100%
Sewerage/Sanitation	18 604	17 920	16 039		
Grabouw Waste Water Treatment Plant	7 602	7 825	6 205	-26%	-23%
Upgrading of Villiersdorp Waste Water Treatment Works	11 002	7 895	7 746	-2%	-42%
Upgrade Caledon bulk sewerage	0	1 750	1 670	-5%	100%
Basic Services - Site Saviwa	0	450	418	-8%	100%
Housing	22 964	31 229	29 555		
Low cost housing projects	22 964	31 229	29 555	-6%	22%
Sports Fields	3 286	11 245	10 303		
Upgrade of Sport Facilities	3 286	11 245	10 303	-9%	68%
Fleet	0	1 000	96		
Upgrade of Fleet	0	1 000	96	-946%	100%
Roads, Pavements, Bridges & Stormwater	3 263	4 588	3 303		
Resurfacing - Receiving of Ou Kaapse Weg	300	300	200	-50%	-50%
Upgrading of Road Networks - Savory, Gaffley, Jan van Eck & Felix Street	723	726	755	4%	4%
Resurfacing - Receiving of Theewaterskloof Single	100	100	94	-6%	-6%
Upgrading of Road Networks - Erica & Street 7	400	401	359	-12%	-11%
Upgrading of Road Networks - Bree & Plein Street	350	352	348	-1%	-1%
Resurfacing - Receiving of Church, Dommisse & Myburgh Street	100	100	66	-51%	-51%
Resurfacing - Receiving of Park Street	100	100	106	6%	6%
Upgrading of Road Networks - Lyle, Medusa & Kosmos Street	450	435	423	-3%	-7%
Upgrading of Road Networks - Fucia, Hibiscus & Seymour Street	740	747	744	0%	1%
Tesselaarsdal Stormwater	0	946	0		
Upgrade of bulk stormwater for Low cost Housing Villiersdorp 251 IRDP project	0	380	209	-82%	100%

APPENDICES

Land and Buildings	570	2 290	1 033		
Additions to building (Youth Centre for Office accomodation)	390	726	696	-4%	44%
Building of clubhouse at Bergsig mini sportfield for Caledon Pigeon Club	180	180	166	-9%	-9%
Cemetery Caledon	0	401	0		
Cemetery Grabouw	0	393	14	-2765%	100%
Thusong Multi Purpose Centre	0	280	158	-78%	100%
Purchase house for Library	0	310	0		
Office Equipmant	3 218	3 407	2 985		
Inventory Items	38	38	28	-39%	-39%
Inventory Items	68	68	37	-81%	-81%
Inventory Items	29	64	56	-14%	48%
Inventory Items	677	677	646	-5%	-5%
Inventory Items	140	140	125	-12%	-12%
Inventory Items	61	218	167	-30%	64%
Inventory Items	80	80	70	-15%	-15%
Inventory Items	584	584	477	-22%	-22%
Inventory Items	4	1	1	0%	-171%
Inventory Items	759	759	674	-13%	-13%
Inventory Items	245	245	204	-20%	-20%
Inventory Items	127	127	127	0%	0%
Inventory Items	194	194	190	-2%	-2%
Inventory Items	211	211	184	-15%	-15%
	67 547	84 177	73 127		
T N					

APPENDICES

APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 0

Capital Programme by Project by Ward: Year 2014/15		
Capital Project	Ward(s) affected	Works completed (Yes/No)
Botrivier		
Upgrading of Road Networks - Fucia, Hibiscus & Seymor Street	Ward 7	Yes
Caledon		
Additions to building (Youth Centre for Office accomodation)		
Building of clubhouse at Bergsig mini sportfield for Caledon Pigeon Club		
Cemetery Caledon		
Basic Services Site Saviwa Water Reticulation	Ward 3	Yes
Site Saviwa housing development (Electricity)	Ward 3	Yes
Upgrade Caledon bulk sewerage	Ward 3,4	No
Basic Services - Site Saviwa (Sewerage)	Ward 3	Yes
Inventory Items	Ward 3	Yes
Greyton		
Upgrading of 11kV Network Greyton	Ward 4	No
Resurfacing - Revealing of Park Street	Ward 2	Yes
Upgrading of Road Networks - Lyle, Medusa & Kosmos Street	Ward 2	Yes
Genadendal		
Inventory Items		
Grabouw		
Cemetery Grabouw	8,10,11,12,13	No
Thusong Multi Purpose Centre	8,10,11,12,13	Yes
Upgrading of Road Networks - Savory, Gaffley, Jan van Eck & Felix S	11,8,13,12	Yes
Resurfacing - Revealing of Ou Kaapse Weg	Ward 11	Yes
Upgrade of Bulk Water Grabouw: Water Treatment Works	8,10,11,12,13	No
Grabouw Waste Water Treatment Plant	8,10,11,12,13	No
Iventory Items	All Wards	Yes
Riviersonderend		
Upgrading of Road Networks - Bree & Pleinstreet	Ward 1	Yes
Resurfacing - Revealing of Church, Domisse & Myburghstreet	Ward 1	Yes
Inventory Items	Ward 1	Yes
TWK		
Repair and Replace Water pre-paid meters	All Wards	No
New 185mm2 MV cable between Aandblom and Veldblom SS	Ward 4	Phase 1 Complete
Low cost housing projects	All Wards	No
TWK Sport and Recreation	All Wards	No
Upgrade to Fleet	All Wards	No
Inventory Items	All Wards	Yes
Villiersdorp		
Upgrading of Road Networks - Erica & Street 7	Ward 6	Yes
Resurfacing - Revealing of Theewaterskloof Single	Ward 5	Yes
Upgrading of Villiersdorp Water Purification Works	Ward 5,6	No
Upgrading of 11kV Network Villiersdorp	Ward 5	No
Replace Miniature Substation Kerkstraat Villiersdorp	N/A	Cancelled
Upgrading of Villiersdorp Waste Water Treatment Works	Ward 5,6	No
Inventory Items	Ward 5,6	Yes
T O		

APPENDICES

APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

Service Backlogs: Schools and Clinics				
Establishments lacking basic services	Water	Sanitation	Electricity	Solid Waste Collection
Schools (NAMES, LOCATIONS)				
Clinics (NAMES, LOCATIONS)				
Names and locations of schools and clinics lacking one or more services. Use 'x' to mark lack of service at appropriate level for the number of people attending the school/clinic, allowing for the proper functioning of the establishment concerned.				T P

APPENDICES

APPENDIX Q – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

Service Backlogs Experienced by the Community where another Sphere of Government is the Service Provider (where the municipality whether or not act on agency basis)		
Services and Locations	Scale of backlogs	Impact of backlogs
Clinics:		
Housing:		
Licencing and Testing Centre:		
Reservoirs		
Schools (Primary and High):		
Sports Fields:		
		T Q

APPENDICES

APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

Declaration of Loans and Grants made by the municipality: Year 0				
All Organisation or Person in receipt of Loans */Grants* provided by the municipality	Nature of project	Conditions attached to funding	Value Year 0 R' 000	Total Amount committed over previous and future years
* Loans/Grants - whether in cash or in kind				T R

APPENDICES

APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

National and Provincial Outcomes for Local Government		
Outcome/Output	Progress to date	Number or Percentage Achieved
Output: Improving access to basic services		
Output: Implementation of the Community Work Programme		
Output: Deepen democracy through a refined Ward Committee model		
Output: Administrative and financial capability		
* Note: Some of the outputs detailed on this table may have been reported elsewhere in the Annual Report. Kindly ensure that this information consistent.		
		T S

VOLUME II

VOLUME II: ANNUAL FINANCIAL STATEMENTS

Provide the Annual Financial Statements (AFS) to the respective financial year as submitted to the Auditor-General. The completed AFS will be Volume II of the Annual Report.

THEEWATERSKLOOF

MUNICIPALITY



[These financial statements have been audited]

FINANCIAL STATEMENTS

30 JUNE 2015

THEEWATERSKLOOF MUNICIPALITY

Index

Contents	Page
General Information	1
Approval of the Financial Statements	2
Statement of Financial Position	3
Statement of Financial Performance	4
Statement of Changes In Net Assets	5
Cash Flow Statement	6
Statement of comparison of budget and actual amounts - Statement of Financial Position	7 - 8
Statement of comparison of budget and actual amounts - Statement of Financial Performance	9 - 10
Statement of comparison of budget and actual amounts - Cash Flow Statement	11 - 12
Accounting Policies	13 - 49
Notes to the Financial Statements	50 - 86
APPENDICES - Unaudited	
A Schedule of External Loans	87
B Segmental Statement of Financial Performance - Municipal Votes	88
C Segmental Statement of Financial Performance	89
D Disclosure of Grants and Subsidies In Terms of Section 123 of MFMA, 56 of 2003	90
E National Treasury Appropriation Statements	
- Revenue and Expenditure (Standard Classification)	91
- Revenue and Expenditure (Municipal Vote Classification)	92
- Revenue and Expenditure (Revenue by Source and Expenditure by Type)	93
- Capital Expenditure by Vote, Standard Classification and Funding)	94
- Cash Flows	95

THEEWATERSKLOOF MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

GENERAL INFORMATION

NATURE OF BUSINESS

Theewaterskloof Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Theewaterskloof Municipality includes the following areas:

<i>Caledon</i>	<i>Greyton</i>
<i>Grabouw</i>	<i>Genadendal</i>
<i>Villiersdorp</i>	<i>Botrivier</i>
<i>Riviersonderend</i>	<i>Tesselaarsdal</i>

MEMBERS OF THE MAYORAL COMMITTEE

Executive Mayor	Mr. C. Punt	
Deputy Executive Mayor	Mr. M. Tshaka	
Executive Councillor	Mr. N.H. De Wet	(Resigned - 6/3/2015)
Executive Councillor	Mrs. M.M. Koegelenberg	(Appointed - 16/3/2015)
Executive Councillor	Mr. G.E.M. Carelse	
Executive Councillor	Mrs. P.U. Stanfliet	
Executive Councillor	Mr K Papier	
Executive Councillor	Mrs. C. Vosloo (Speaker)	

MUNICIPAL MANAGER

Mr. H.S.D. Wallace

CHIEF FINANCIAL OFFICER

Mr. D Louw

REGISTERED OFFICE

6 Plein Street, CALEDON, 7230

AUDITORS

Auditor General of South Africa (AGSA)

PRINCIPLE BANKERS

ABSA Bank, P.O. Box 145, Caledon. 7230

ATTORNEYS

Bosman & Smit
Fairbridges Attorneys
Herold Gie Attorneys
IAJ Malherbe Incorporated
Johnson Kuun & Co
Cloughton & Wehmeyer
Guthrie & Theron
Du Plessis & Mostert

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations

THEEWATERSKLOOF MUNICIPALITY

MEMBERS OF THE THEEWATERSKLOOF MUNICIPALITY

WARD	COUNCILLOR
1	Mr. K.R. Tiemie
2	Mrs. M.L. Hector
3	Mr K Papier
4	Mrs M.M. Koegelenberg
5	Mr. N.H. De Wet (Resigned - 6/3/2015)
5	Mr. C.M. Lamprecht (Appointed - 3/6/2015)
6	Mrs. J. Nellie
7	Mrs. P.U. Stanfliet
8	Mrs. C.V. Thembani
9	Mr. N. Pieterse
10	Mrs. M. Plato
11	Mr. M Mathews (Resigned - 26/9/2014)
11	Mrs. L. Matomela (Appointed - 26/11/2014)
12	Mr. U.T. Sipunzi
13	Mr. M Tshaka
Proportional	Mr. C Punt
Proportional	Mrs. C. Vosloo
Proportional	Mr. G.E.M. Carelse
Proportional	Mr. C.D. November
Proportional	Mr. I.M. Sileku
Proportional	Mr. P. De Wet
Proportional	Mrs. F.V. Mankayi
Proportional	Mr J.P. Hendricks
Proportional	Mrs. S.R. Witbooi (Resigned - 23/2/2015)
Proportional	Mrs. M. Appel (Appointed - 11/3/2015)
Proportional	Mr. M.R. Nongxaza
Proportional	Mr. J. van Niekerk
Proportional	Mr. A. Cupido

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2015, which are set out on pages 1 to 85 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2015 and is satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.


 Mr H.S.D. Wallace
 Municipal Manager

31 August 2015
 Date

THEEWATERSKLOOF MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015

	Notes	2015	2014
		R	R
NET ASSETS AND LIABILITIES			
Net Assets		718,738,864	641,819,138
Capital Replacement Reserve	2	15,721,475	6,499,770
Revaluations Reserve	2	84,991,016	81,275,442
Social Contribution Reserve	2	55,278	55,278
Accumulated Surplus		617,971,095	553,988,648
Non-Current Liabilities		210,211,602	178,788,906
Long-term liabilities	3	102,924,422	110,090,615
Employee benefits	4	48,342,732	42,733,220
Non-current provisions	5	58,944,447	25,965,070
Current Liabilities		91,644,439	67,110,743
Consumer deposits	6	3,893,108	3,659,875
Current Employee benefits	7	15,601,178	13,897,836
Payables from exchange transactions	8	50,357,880	39,513,381
Unspent conditional government grants and receipts	9	10,617,927	1,221,852
Unspent Public Contributions	10	843,868	488,399
Taxes	11.1	2,704,909	1,355,492
Current portion of long-term liabilities	3	7,625,567	6,973,907
Total Net Assets and Liabilities		1,020,594,904	887,718,787
ASSETS			
Non-Current Assets		908,951,564	810,655,220
Property, plant and equipment	12	707,083,785	642,985,364
Capitalised restoration costs	13	31,704,397	89,364
Investment property	14	159,063,601	165,792,813
Intangible assets	15	1,267,644	1,573,385
Long-term investments	16	9,832,136	190,437
Heritage Assets	17	-	-
Long-term receivables	18	-	23,857
Current Assets		111,643,341	77,063,567
Inventory	19	4,848,108	4,006,600
Receivables from exchange transactions	20	16,759,094	12,277,604
Receivables from non-exchange transactions	21	18,681,851	14,723,267
Unpaid conditional government grants and receipts	9	-	6,313,484
Operating lease asset	22.1	495,129	489,252
Taxes	11.2	2,389,657	1,219,981
Current portion of long-term receivables	18	6,811	5,429
Cash and cash equivalents	23	68,462,691	38,027,950
Total Assets		1,020,594,904	887,718,787

THEEWATERSKLOOF MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 R	2014 R	Correction of Error - Note 39 R	2014 (Previously reported) R
REVENUE					
Revenue from Non-exchange Transactions		264,204,479	272,410,092	(595,397)	273,005,490
Taxation Revenue		68,768,536	58,313,803	(359,199)	58,673,002
Property taxes	24	68,768,536	58,313,803	(359,199)	58,673,002
Transfer Revenue		169,355,402	155,724,081	(236,198)	155,960,279
Government Grants and Subsidies	25	168,311,110	154,375,531	(236,198)	154,611,729
Public Contributions and Donations	26	1,044,291	1,299,050	-	1,299,050
Donations for Property, Plant and Equipment		-	49,500	-	49,500
Other Revenue		26,080,541	58,372,208	-	58,372,209
Actuarial Gains		-	166,803	-	166,803
Third Party Payments		833,110	226,910	-	226,910
Fines		25,247,432	29,835,408	-	29,835,408
Fair Value Adjustments	29	-	28,143,088	-	28,143,088
Revenue from Exchange Transactions		178,190,576	166,246,978	-	166,246,978
Service Charges	27	153,960,353	142,531,766	-	142,531,766
Rental of Facilities and Equipment		1,467,255	1,936,232	-	1,936,232
Interest Earned - external investments		5,134,068	2,903,978	-	2,903,978
Interest Earned - outstanding debtors		6,473,252	9,267,473	-	9,267,473
Licences and Permits		2,560,578	2,635,096	-	2,635,096
Agency Services		2,435,053	2,189,056	-	2,189,056
Other Income	28	4,293,210	4,473,590	-	4,473,590
Gain on disposal of Property, Plant and Equipment		1,866,808	309,787	-	309,787
Total Revenue		442,395,055	438,657,069	(595,397)	439,252,468
EXPENDITURE					
Employee related costs	30	138,724,858	124,567,548	-	124,567,548
Remuneration of Councillors	31	8,573,261	8,203,131	-	8,203,131
Debt Impairment	32	36,926,127	47,239,932	-	47,239,932
Depreciation and Amortisation	33	10,552,597	10,283,579	-	10,283,579
Impairments	34	2,056,260	22,532,038	-	22,532,038
Repairs and Maintenance		22,368,498	18,412,044	-	18,412,044
Actuarial losses	4	230,910	4,183,018	-	4,183,018
Finance Charges	35	13,236,707	12,478,081	-	12,478,081
Bulk Purchases	36	54,669,586	50,043,145	-	50,043,145
Contracted services		18,524,663	17,749,201	-	17,749,201
Grants and Subsidies	37	1,350,834	911,756	87,866	823,890
General Expenses	38	58,231,814	63,777,110	-	63,777,110
Loss on disposal of Property, Plant and Equipment		3,744,789	341,301	-	341,301
Total Expenditure		369,190,902	380,721,886	87,866	380,634,018
NET SURPLUS/(DEFICIT) FOR THE YEAR		73,204,152	57,935,184	(683,263)	58,618,450

THEEWATERSKLOOF MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2015

	Revaluations Reserve	Capital Replacement Reserve	Social Contribution Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R	R
Balance at 30 JUNE 2013	41,091,455	499,770	55,278	491,252,538	532,899,042
Correction of error - Note - 39.09		-	-	10,800,926	10,800,926
Restated balance at 1 JULY 2013	41,091,455	499,770	55,278	502,053,464	543,699,968
Net Surplus for the year	-	-	-	57,935,184	57,935,184
Revaluation of PPE	40,183,987	-	-	-	40,183,987
Transfer to Social contribution Reserve	-	-	-	-	-
Transfer to/from reserves	-	6,000,000	-	(6,000,000)	-
Balance at 30 JUNE 2014	81,275,442	6,499,770	55,278	553,988,648	641,819,139
Net Surplus for the year	-	-	-	73,204,152	73,204,152
Revaluation of PPE	3,715,584	-	-	-	3,715,584
Transfer to Social contribution Reserve	-	-	-	-	-
Transfer to Capital Replacement Reserve	-	10,000,000	-	(10,000,000)	-
Transfer to/from reserves	-	(778,295)	-	778,295	-
Balance at 30 JUNE 2015	84,991,026	15,721,475	55,278	617,971,095	718,738,875

THEEWATERSKLOOF MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

		2015	2014
	Notes	R	R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		216,262,471	198,375,735
Government grants		184,020,670	146,908,415
Public Contributions		1,399,760	925,329
Interest		11,607,320	12,171,451
Payments			
Suppliers and employees		(285,874,551)	(278,591,744)
Finance charges	35	(11,876,565)	(11,493,092)
Transfers and Grants		(1,350,834)	(911,756)
Cash generated by operations	40	114,188,272	67,384,337
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	12	(73,112,869)	(62,946,681)
Proceeds on Disposal of Fixed Assets		5,755,153	1,584,368
Purchase of Intangible Assets	15	(14,338)	-
Increase in Non-current Investments	16	(9,641,699)	(190,437)
Net Cash from Investing Activities		(77,013,753)	(61,552,750)
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(6,973,009)	(6,977,661)
New loans raised		-	11,275,461
Increase in Consumer Deposits		233,233	353,648
Net Cash from Financing Activities		(6,739,776)	4,651,448
NET INCREASE IN CASH AND CASH EQUIVALENTS		30,434,742	10,483,036
Cash and Cash Equivalents at the beginning of the year		38,027,950	27,544,914
Cash and Cash Equivalents at the end of the year	41	68,462,691	38,027,950
NET INCREASE IN CASH AND CASH EQUIVALENTS		30,434,742	10,483,036

THEEWATERSKLOOF MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015
COMPARISON OF ACTUAL AMOUNTS TO FINAL BUDGET

	2015 R (Actual)	2015 R (Final Budget)	2015 R (Variance)	Explanations for material variances
ASSETS				
Current assets				
Cash	17,753,567	4,859,281	12,894,286	Retention not paid yet and grants not spend.
Call investment deposits	50,709,125	30,000,000	20,709,125	
Consumer debtors	35,440,945	23,948,372	11,492,573	Unexpected high increase in traffic fines
Other Receivables	2,884,786	3,000,000	(115,214)	
Current portion of long-term receivables	6,811	5,429	1,382	
Inventory	4,848,108	2,200,000	2,648,108	Budget was based on prior year actuals which did not include correction of previous year inventory.
Total current assets	111,643,342	64,013,082	47,630,260	
Non current assets				
Long-term receivables	-	18,428	(18,428)	
Investments	9,832,136	-	9,832,136	
Investment property	159,063,601	149,002,813	10,060,788	
Property, plant and equipment	738,788,183	708,619,504	30,168,679	
Intangible Assets	1,267,644	1,253,821	13,823	
Total non current assets	908,951,564	858,894,566	50,056,998	
TOTAL ASSETS	1,020,594,904	922,907,648	97,687,256	
LIABILITIES				
Current liabilities				
Bank overdraft	-	-	-	
Borrowing	7,625,567	6,973,907	651,660	
Consumer deposits	3,893,108	3,879,468	13,640	
Trade and other payables	64,524,585	37,291,973	27,232,612	Not budgeted for unspent grants and a sharp increase in overall expenditure in June 2015.
Provisions and Employee Benefits	15,601,178	15,009,663	591,515	
Total current liabilities	91,644,438	63,155,011	28,489,426	
Non current liabilities				
Borrowing	102,924,422	114,094,774	(11,170,352)	
Provisions and Employee Benefits	107,287,180	70,300,212	36,986,968	Increase in non current provision of landfill sites due to new legislation.
Total non current liabilities	210,211,601	184,394,986	25,816,615	
TOTAL LIABILITIES	301,856,038	247,549,997	54,306,041	
NET ASSETS	718,738,867	675,357,651	43,381,216	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	617,971,095	587,701,161	30,269,934	
Reserves	100,767,769	87,656,490	13,111,279	Not budgeted for revaluation of PPE
TOTAL COMMUNITY WEALTH/EQUITY	718,738,864	675,357,651	43,381,213	

THEEWATERSKLOOF MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015
ADJUSTMENTS TO APPROVED BUDGET

	2015 R (Approved Budget)	2015 R (Adjustments)	2015 R (Final Budget)	Explanations for material adjustments
ASSETS				
Current assets				
Cash	7,234,754	(2,375,473)	4,859,281	
Call investment deposits	-	30,000,000	30,000,000	
Consumer debtors	41,651,297	(17,702,925)	23,948,372	
Other Receivables	3,000,000	-	3,000,000	
Current portion of long-term receivables	5,356	73	5,429	
Inventory	2,200,000	-	2,200,000	
Total current assets	54,091,407	9,921,675	64,013,082	
Non current assets				
Long-term receivables	19,046	(618)	18,428	
Investments	-	-	-	
Investment property	124,561,025	24,441,788	149,002,813	
Property, plant and equipment	538,069,818	170,549,686	708,619,504	
Biological Assets	-	-	-	
Intangible Assets	1,573,386	(319,565)	1,253,821	
Heritage Assets	-	-	-	
Total non current assets	664,223,275	194,671,291	858,894,566	
TOTAL ASSETS	718,314,682	204,592,966	922,907,648	
LIABILITIES				
Current liabilities				
Bank overdraft	-	-	-	
Borrowing	8,337,681	(1,363,774)	6,973,907	
Consumer deposits	3,763,276	116,192	3,879,468	
Trade and other payables	34,330,902	2,961,071	37,291,973	
Provisions and Employee Benefits	12,308,334	2,701,329	15,009,663	
Total current liabilities	58,740,193	4,414,818	63,155,011	
Non current liabilities				
Borrowing	102,980,433	11,114,341	114,094,774	
Provisions and Employee Benefits	69,183,490	1,116,722	70,300,212	
Total non current liabilities	172,163,923	12,231,063	184,394,986	
TOTAL LIABILITIES	230,904,116	16,645,881	247,549,997	
NET ASSETS	487,410,566	187,947,085	675,357,651	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	443,297,063	144,404,098	587,701,161	
Reserves	44,113,503	43,542,987	87,656,490	
TOTAL COMMUNITY WEALTH/EQUITY	487,410,566	187,947,085	675,357,651	

The municipality adjusted the budget taking into account the previous year's actuals.

The classification basis of the budget and financial statements are different and the statements of comparison of budget and actual amounts were compiled in terms of the budget classifications.

THEEWATERSKLOOF MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

COMPARISON OF ACTUAL AMOUNTS TO FINAL BUDGET

	2015 R (Actual)	2015 R (Final Budget)	2015 R (Variance)	Explanations for material variances
REVENUE BY SOURCE				
Property rates	68,768,536	68,909,881	(141,345)	
Property rates - penalties & collection charges	-	-	-	
Service charges	153,960,353	156,254,089	(2,293,736)	
Rental of facilities and equipment	1,467,255	1,766,330	(299,075)	
Interest earned - external investments	5,134,068	3,000,000	2,134,068	Prudent approach was adopted when budgeting for interest earned. Cash position has improved significantly and surplus cash was invested in accordance with the cash management policy.
Interest earned - outstanding debtors	6,473,252	6,480,000	(6,748)	
Dividends received	-	-	-	
Fines	25,247,432	24,284,250	963,182	
Licences and permits	2,560,578	2,468,800	91,778	
Agency services	2,435,053	2,400,000	35,053	
Government Grants and Subsidies	168,311,110	184,582,712	(16,271,602)	Unspent grants
Other revenue	6,170,611	4,204,512	1,966,099	Did not budget for fair value adjustments and payments from third parties as it is difficult to estimate.
Gains on disposal of PPE	1,866,808	-	1,866,808	Could not estimate gain or loss on disposal as a result of uncertainty in relation to market conditions and selling price of assets.
Total Operating Revenue	442,395,055	454,350,574	(11,955,519)	
EXPENDITURE BY TYPE				
Employee related costs	138,724,858	140,980,516	(2,255,658)	
Remuneration of councillors	8,573,261	9,277,131	(703,870)	
Debt impairment	36,926,127	37,552,688	(626,561)	
Depreciation & asset impairment	12,608,857	27,080,869	(14,472,012)	Budget for impairment was overprovided due to uncertainty in respect of market conditions and economic climate.
Finance charges	13,236,707	12,732,813	503,894	
Bulk purchases	54,669,586	55,091,228	(421,642)	
Other materials	-	-	-	
Contracted services	18,524,663	18,745,851	(221,188)	
Grants and subsidies paid	1,350,834	1,000,000	350,834	
Other expenditure	80,831,221	108,233,305	(27,402,084)	More budgeted for housing top structures due to not taking into account payments made as a agent which should be excluded according to GRAP.
Loss on disposal of PPE	3,744,789	-	3,744,789	Properties were sold at less than market value. This could not have been foreseen when the budget was prepared.
Total Operating Expenditure	369,190,902	410,694,401	(41,503,499)	
Operating Surplus for the year	73,204,152	43,656,173	29,547,980	

THEEWATERSKLOOF MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

ADJUSTMENTS TO APPROVED BUDGET

	2015 R (Approved Budget)	2015 R (Adjustments)	2015 R (Final Budget)	2015 R Final Virements	2015 R (Final Year-end Budget)	Reasons for material adjustments
REVENUE BY SOURCE						
Property rates	68,909,881	-	68,909,881	-	68,909,881	
Property rates - penalties & collection charges	-	-	-	-	-	
Service charges	156,248,684	5,405	156,254,089	-	156,254,089	
Rental of facilities and equipment	1,607,230	159,100	1,766,330	-	1,766,330	
Interest earned - external investments	2,482,000	518,000	3,000,000	-	3,000,000	
Interest earned - outstanding debtors	6,480,000	-	6,480,000	-	6,480,000	
Dividends received	-	-	-	-	-	
Fines	14,333,920	9,950,330	24,284,250	-	24,284,250	Adjusted budget on accrual basis and increase in fine.
Licences and permits	2,724,200	(255,400)	2,468,800	-	2,468,800	
Agency services	2,332,000	68,000	2,400,000	-	2,400,000	
Transfers recognised	158,260,500	26,322,212	184,582,712	-	184,582,712	Additional grant funding received and correcting split of housing civils and
Other revenue	4,963,412	(758,900)	4,204,512	-	4,204,512	
Gains on disposal of PPE	235,000	(235,000)	-	-	-	
Total Operating Revenue	418,576,827	35,773,747	454,350,574	-	454,350,574	
EXPENDITURE BY TYPE						
Employee related costs	139,913,997	1,066,519	140,980,516	-	140,980,516	
Remuneration of councillors	9,277,131	-	9,277,131	-	9,277,131	
Debt impairment	23,730,000	13,822,688	37,552,688	-	37,552,688	Adjusted according to recalculation of payment percentage
Depreciation & asset impairment	23,080,869	4,000,000	27,080,869	-	27,080,869	Budgeting to included capital asset impairment.
Finance charges	13,433,196	(700,383)	12,732,813	-	12,732,813	
Bulk purchases	54,650,699	440,529	55,091,228	-	55,091,228	
Other materials	-	-	-	-	-	
Contracted services	19,721,170	(975,319)	18,745,851	-	18,745,851	
Grants and subsidies paid	1,000,000	-	1,000,000	-	1,000,000	
Other expenditure	86,784,377	21,448,928	108,233,305	-	108,233,305	Adjustment due to re-dividing the budget of housing between operational and capital
Loss on disposal of PPE	-	-	-	-	-	
Total Operating Expenditure	371,591,439	39,102,962	410,694,401	-	410,694,401	
Operating Surplus/(Deficit) for the year	46,985,388	(3,329,215)	43,656,173	-	43,656,173	

The classification basis of the budget and financial statements are different and the statements of comparison of budget and actual amounts were compiled in terms of the budget classifications.

THEEWATERSKLOOF MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

COMPARISON OF ACTUAL AMOUNTS TO FINAL BUDGET

	2015 R (Actual)	2015 R (Final Budget)	2015 R (Variance)	Explanations for material variances
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	217,662,231	231,860,406	(14,198,174)	
Government Grants	184,020,670	189,584,500	(5,563,830)	
Interest	11,607,320	9,480,000	2,127,320	According to debt collection policy interest is first subtracted from debtors payment
Dividends	-	-	-	
Payments				
Suppliers and Employees	(285,874,551)	(335,595,382)	49,720,831	Conservative cash flow budget and budget control/savings
Finance charges	(11,876,565)	(11,432,813)	(443,752)	Loan for 2014/2015 not raised, thus saving on finance charges.
Transfers and Grants	(1,350,834)	(1,000,000)	(350,834)	
NET CASH FROM/(USED) OPERATING ACTIVITIES	114,188,272	82,896,711	31,291,560	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	5,755,153	-	5,755,153	Could not estimate disposal as a result of uncertainty in relation to market conditions and selling price of assets.
Decrease/(increase) in non-current investments	(9,641,699)	-	(9,641,699)	
Payments				
Capital assets	(73,127,207)	(85,176,932)	12,049,725	Underspending of approved capital budget due to delays by contractors.
NET CASH FROM/(USED) INVESTING ACTIVITIES	(77,013,754)	(85,176,932)	8,163,180	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	5,670,000	(5,670,000)	Loan for 2014/2015 not raised, thus saving on finance charges.
Increase/(decrease) in consumer deposits	233,233	219,593	13,640	
Payments				
Repayment of borrowing	(6,973,009)	(6,973,907)	898	
NET CASH FROM/(USED) FINANCING ACTIVITIES	(6,739,775)	(1,084,314)	(5,655,462)	
NET INCREASE/(DECREASE) IN CASH HELD	30,434,742	(3,364,535)	33,799,278	
Cash and Cash Equivalents at the beginning of the year	38,027,950	38,218,387	(190,437)	
Cash and Cash Equivalents at the end of the year	68,462,691	34,859,281	33,603,411	

THEEWATERSKLOOF MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

ADJUSTMENTS TO APPROVED BUDGET

	2015 R (Approved Budget)	2015 R (Adjustments)	2015 R (Final Budget)	Reasons for material adjustments
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	228,061,638	3,798,768	231,860,406	
Government - operating	103,590,312	24,356,050	127,946,362	
Government - capital	54,670,188	6,967,950	61,638,138	
Interest	8,962,000	518,000	9,480,000	
Dividends	-	-	-	
Payments				
Suppliers and Employees	(307,740,529)	(27,854,853)	(335,595,382)	
Finance charges	(12,133,196)	700,383	(11,432,813)	
Transfers and Grants	(1,000,000)	-	(1,000,000)	
NET CASH FROM/(USED) OPERATING ACTIVITIES	74,410,413	8,486,298	82,896,711	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	1,656,000	(1,656,000)	-	
Decrease/(increase) in non-current receivables	-	5,429	5,429	
Decrease/(increase) in non-current investments	-	-	-	The municipality adjusted the budget taking into account the previous year's actuals.
Payments				
Capital assets	(67,546,782)	(17,630,150)	(85,176,932)	
NET CASH FROM/(USED) INVESTING ACTIVITIES	(65,890,782)	(19,280,721)	(85,171,503)	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	5,670,000	-	5,670,000	
Increase/(decrease) in consumer deposits	213,016	6,577	219,593	
Payments				
Repayment of borrowing	(7,182,945)	209,038	(6,973,907)	
NET CASH FROM/(USED) FINANCING ACTIVITIES	(1,299,929)	215,615	(1,084,314)	
NET INCREASE/(DECREASE) IN CASH HELD	7,219,702	(10,578,808)	(3,359,106)	
Cash and Cash Equivalents at the beginning of the year	15,052	38,203,335	38,218,387	
Cash and Cash Equivalents at the end of the year	7,234,754	27,624,527	34,859,281	

The classification basis of the budget and financial statements are different and the statements of comparison of budget and actual amounts were compiled in terms of the budget classifications.

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2012) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible where the acquisition cost of an asset could not be determined.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand.

1.3. GOING CONCERN ASSUMPTION

These financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

1.6. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.7. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and based on the Municipal Budget and Reporting Regulations format. The comparison of budget and actual amounts are disclosed as separate additional financial statements, namely Statements of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for differences between the approved and final budget are included in the Notes to the Financial Statements.

Explanations for material differences between the final budget amounts and actual amounts are included in the Notes to the Financial Statements. Material differences for budget comparison purposes are being defined by Management as 10% of a specific line-item with a minimum of R1 million.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Municipality:

Standard	Description	Effective Date
Directive 11	<p>Changes in Measurement Bases following Initial Adoption of Standards of GRAP</p> <p>This Directive can be applied when a Municipality elects to change the measurement basis selected for certain assets on the initial adoption of Standards of GRAP.</p> <p>The Municipality is considering applying this Directive, but has not made a final decision at reporting date. The possible impact has therefore not yet been determined.</p>	1 April 2015
GRAP 18 (Original – Feb 2011)	<p>Segment Reporting</p> <p>The objective of this Standard is to establish principles for reporting financial information by segments.</p> <p>No significant impact is expected as information, to a large extent, is already included in the appendices to the financial statements which do not form part of the audited financial statements.</p>	1 April 2015
GRAP 20 (Original – June 2011)	<p>Related Party Disclosure</p> <p>The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.</p> <p>The Municipality resolved to formulate an Accounting Policy based on the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.</p>	Unknown

THEEWATERSKLOOF MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Standard	Description	Effective Date
GRAP 32 (Original – Aug 2013)	<p>Service Concession Arrangements: Grantor</p> <p>The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public sector entity.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	Unknown
GRAP 105 (Original – Nov 2010)	<p>Transfer of Functions Between Entities Under Common Control</p> <p>The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	1 April 2015
GRAP 106 (Original – Nov 2010)	<p>Transfer of Functions Between Entities Not Under Common Control</p> <p>The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	1 April 2015
GRAP 107 (Original – Nov 2010)	<p>Mergers</p> <p>The objective of this Standard is to establish accounting principles for the combined entity and combining entities in a merger.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	1 April 2015
GRAP 108 (Original – Sept 2013)	<p>Statutory Receivables</p> <p>The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.</p> <p>The Municipality has resolved to adopt the principles as set out in GRAP 108 to formulate its own accounting policy.</p>	Unknown

THEEWATERSKLOOF MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Standard	Description	Effective Date
IGRAP 11	<p>Consolidation - Special Purpose Entities (SPE)</p> <p>The objective of this Interpretation of the Standard is to prescribe under what circumstances an entity should consolidate a SPE.</p> <p>No significant impact is expected as the Municipality does not have any SPE's at this stage.</p>	1 April 2015
IGRAP 12	<p>Jointly Controlled Entities non-monetary contributions</p> <p>The objective of this Interpretation of the Standard is to prescribe the treatment of profit/loss when an asset is sold or contributed by the venturer to a Jointly Controlled Entity (JCE).</p> <p>No significant impact is expected as the Municipality does not have any JCE's at this stage.</p>	1 April 2015
IGRAP17	<p>Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset</p> <p>This Interpretation of the Standards provides guidance to the grantor where it has entered into a service concession arrangement, but only controls a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.</p> <p>No such transactions or events are expected in the foreseeable future.</p>	Unknown

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

1.9. RESERVES

1.9.1. Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/ to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus is credited by a corresponding amount when the amounts in the CRR are utilized.

1.9.2. Social Contribution Reserve

The Municipality's approach to ensuring Social upliftment is underpinned by the view of achieving realistic balance between meeting the development needs of our communities while simultaneously ensuring that the particular project makes financially viable sense for the Municipality, i.e. deriving value for our business.

In this context, the primary objectives of this policy are to:

- Ascribe relevant and notable contributions to Development and Construction companies to the social development agenda related solely to initiatives targeted for the previously disadvantaged communities. This can include, but is not limited to education programs, community programs, job creation initiatives, Health programs, conservation, community tourism initiatives and marketing initiatives to develop the local black tourist market.
- Nurture a reputation amongst our stakeholders (businesses) for being compassionate organizations playing its part in the upliftment of the poorest of the poor within our Municipal jurisdiction.
- As a local government, we are able to guide business sector into focus areas, which our communities have identified as their priority areas (through the IDP engagements), where private sector contributions would make a tangible difference.

The Municipality recognises that businesses are not social development experts and therefore, the social development contributions ascribed can be contributed via the mechanism of financial and/or in-kind grant making, to the Municipality.

Contribution: 1% of selling price of property.

1.9.3. Revaluations Reserve

The accounting for the Revaluation Reserve must be done in accordance with the requirements of GRAP 17.

All increases in the carrying value of assets as a result of a revaluation are credited against the reserve, except to the extent that the increase reverses a revaluation decrease of the same asset previously recognised in the Statement of Financial Performance. .

All decreases in the carrying value of assets as a result of a revaluation are debited against the reserve to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

1.10. LEASES

1.10.1. Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangible assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.10.2. Municipality as Lessor

Under a finance lease, the Municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease revenue is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality recognises the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

1.11. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

1.12. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

1.13. UNSPENT PUBLIC CONTRIBUTIONS

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

1.14. PROVISIONS

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The Municipality has a detailed formal plan for the restructuring identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is de-recognised.

1.15. EMPLOYEE BENEFITS

Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

1.15.1. Post Retirement Medical Obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – “Employee Benefits” (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.15.2. Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.15.3. Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

1.15.4. Staff Bonuses Accrued

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year-end for each employee.

1.15.5. Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees. Municipal performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

1.15.6. Pension and retirement fund obligations

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are recognised in the Statement of Financial Performance in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

1.15.7. Other Short-term Employee Benefits

When an employee has rendered service to the Municipality during a reporting period, the Municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.16. BORROWING COSTS

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

1.17. PROPERTY, PLANT AND EQUIPMENT

1.17.1. Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.17.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

1.17.3. Subsequent Measurement – Revaluation Model

Subsequent to initial recognition, Land and Buildings are carried at a re-valued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and any accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Statement of Financial Performance.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in the Statement of Financial Performance, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

1.17.4. Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

THEEWATERSKLOOF MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	Years		Years
<u>Infrastructure</u>		<u>Other</u>	
Roads and Stormwater	5 - 150	Buildings	20 -100
Refuse	20 - 50	Specialist vehicles	10 - 35
Electricity	10 - 100	Other vehicles	5 - 30
Water	10 - 200	Office equipment	3 -15
Sewerage	10 - 200	Furniture and fittings	5-20
Housing	20 - 100	Watercraft	15 - 30
		Bins and containers	5 - 15
<u>Community</u>		Specialised plant and	
Buildings	20 - 100	Equipment	5 -35
Recreational Facilities	20-30	Other plant and	
Security	5 - 15	Equipment	2- 25
Halls	20-30	Landfill sites	20 - 100
Libraries	20-30	Quarries	20 - 100
Parks and gardens	15-20	Emergency equipment	5 - 25
Other assets	15-30	Computer equipment	3 - 15
<u>Finance lease assets</u>			
Office equipment	3 - 15		
Other assets	5 – 15		

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.17.5. De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.18. INTANGIBLE ASSETS

1.18.1. Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Municipality intends to do so; or
- arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the Municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Municipality has the resources to complete the project;
- it is probable that the municipality will receive future economic benefits or service potential; and
- the Municipality can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.18.2. Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairment losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.18.3. Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over its estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	Years
Computer Software	5-10

1.18.4. De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as

the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.19. INVESTMENT PROPERTY**1.19.1. Initial Recognition**

Investment property is recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

1.19.2. Subsequent Measurement – Fair Value Model

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is recognised in the Statement of Financial Performance for the period in which it arises.

1.19.3. De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.20. HERITAGE ASSETS

1.20.1. Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset, is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

1.20.2. Subsequent Measurement – Revaluation Model

After recognition as an asset, heritage assets are carried at a re-valued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in Statement of Financial Performance to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in the Statement of Financial Performance.

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in the Statement of Financial Performance. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

1.20.3. Depreciation and Impairment

Heritage assets are not depreciated

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.20.4. De-recognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

1.21. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.21.1. Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated.
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.21.2. Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
- A decision to halt the construction of the asset before it is complete or in a usable condition.
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss is recognised in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches, depending on the nature of the asset in question:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.22. INVENTORIES

1.22.1. Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.22.2. Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

The basis of allocating cost to inventory items is the weighted average method.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

Cost of land held for sale is assigned by using specific identification of their individual costs.

1.23. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions) and non-current investments. The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

1.23.1. Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.23.2. Subsequent Measurement

Financial assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial liabilities are categorised as either at fair value or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.23.2.1. Receivables

Receivables are classified as financial assets at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

Receivables for fines outstanding are impaired based on payment history.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.23.2.2. Payables and Annuity Loans

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, and are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.23.2.3. Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities carried at amortised cost.

1.23.2.4. Non-Current Investments

Investments which include fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1.23.3. De-recognition of Financial Instruments

1.23.3.1. Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.23.3.2. Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.23.4. Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

1.24. STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

1.24.1. Initial Recognition

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset.

1.24.2. Measurement

The Municipality initially measures the statutory receivables at their transaction amount. The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

- (a) interest or other charges that may have accrued on the receivable;
- (b) impairment losses; and
- (c) amounts derecognised.

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1.24.3. Derecognition

The Municipality derecognises a statutory receivable when:

- (a) the rights to the cash flows from the receivable are settled, expire or are waived;
- (b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- (c) the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality:
 - (i) derecognise the receivable; and
 - (ii) recognise separately any rights and obligations created or retained in the transfer.

1.25. REVENUE

1.25.1. Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of iGRAP 1, as there is no intention of collecting this revenue.

Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine revenue constitutes both spot fines and summonses. Fine revenue is recognised as from 1 July 2013 prospectively in terms of changes to 1GRAP1, when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised when monies are received, as the Municipality does not have any control over fines issued by other government institutes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received, but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. Historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognise all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months, in which case it will be expensed.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

1.25.2. Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created. . The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the Municipality and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating;
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1.26. RELATED PARTIES

The Municipality resolved to formulate an Accounting Policy based on the disclosure requirements as per GRAP 20 – “Related Party Disclosures”.

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Municipality:

- (a) A person or a close member of that person's family is related to the Municipality if that person:
 - has control or joint control over the Municipality.
 - has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
 - is a member of the management of the Municipality or its controlling entity.
- (b) An entity is related to the Municipality if any of the following conditions apply:
 - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
 - both entities are joint ventures of the same third party.
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
 - the entity is controlled or jointly controlled by a person identified in (a).
 - a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Management (formerly known as “Key Management”) includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

- (a) all members of the governing body of the Municipality;
- (b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
- (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
- (d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

- (a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm’s length and not on normal commercial terms are disclosed.

1.27. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.28. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.29. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.30. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measures with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

1.31. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

1.31.1. Post retirement medical obligations and Long service awards

The cost of post retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 4 of the financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.31.2. Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

1.31.3. Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment.

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

The cost for depreciated replacement cost was determined by using either one of the following:

- cost of items with a similar nature currently in the Municipality's asset register;
- cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

1.31.4. Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

1.31.5. Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

1.31.6. Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

1.31.7. Revenue Recognition

Accounting policies on Revenue from Non-Exchange Transactions and Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.), specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.31.8. Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are recognised in the Statement of Financial Performance. All landfills sites are fully contaminated and therefore fully provided for the cost of rehabilitation.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.

1.31.9. Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

1.31.10. Provision for Performance bonuses

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1.31.11. Pre-paid electricity estimation

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year-end that is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 10 days worth of unused electricity.

1.31.12. Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives.

1.32. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The amount of Value Added Tax recoverable from, and payable to, the taxation authority is included as part of receivables and payables in the Statement of Financial Position.

1.33. CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.34. EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

THEEWATERSKLOOF MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
2 NET ASSET RESERVES		
Capital Replacement Reserve	15,721,475	6,499,770
Revaluations Reserve	84,991,026	81,275,442
Social Contributions Reserve	55,278	55,278
Total Net Asset Reserves	100,767,779	87,830,490

3 LONG-TERM LIABILITIES		
Annuity Loans - At amortised cost	93,068,541	99,977,046
Capitalised Lease Liability - At amortised cost	458,477	64,505
Stock loans	17,022,971	17,022,971
	110,549,989	117,064,522
Current Portion transferred to Current Liabilities:	(7,625,567)	(6,973,907)
Annuity Loans - At amortised cost	(7,492,037)	(6,909,402)
Capitalised Lease Liability - At amortised cost	(133,531)	(64,505)
Total Long-term Liabilities - At amortised cost using the effective interest rate method	102,924,422	110,090,615

Refer below for maturity dates of long term liabilities:

The obligations under annuity loans are scheduled below

	Minimum annuity payments	
Amounts payable under annuity loans		
Payable within one year	17,109,242	17,229,200
Payable within two to five years	59,397,952	64,064,802
Payable after five years	85,012,273	97,454,665
	161,519,467	178,748,666
Less: Future finance obligations	(68,450,924)	(78,771,621)
Present value of annuity obligations	93,068,542	99,977,045

Annuity loans at amortised cost is calculated at 8.25%-16.5% interest rate, with first maturity date of 31 December 2014 and last maturity date of 31 December 2030.

The obligations under finance leases are scheduled below

	Minimum lease payments	
Amounts payable under finance leases		
Payable within one year	185,400	93,066
Payable within two to five years	370,800	-
	556,200	93,066
Less: Future finance obligations	(97,723)	(28,561)
Present value of lease obligations	458,477	64,505

The capitalised lease liability consist of the following contract

Supplier	Description of leased item	Effective Interest rate	Annual Escalation	Lease Term	Maturity Date
DFA Solutions	Laptop computers	13.01%	0%	3 Years	30-06-2018

Leases are secured by property, plant and equipment, which consist of laptop computers - Note 12

THEEWATERSKLOOF MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

3 LONG-TERM LIABILITIES (CONTINUE)

The obligations under stock loans are scheduled below:

Amounts payable under stock loans:

Payable within one year

Payable within two to five years

Payable after five years

Less: Future finance obligations

Present value of stock loan obligations

2015 R	2014 R
Minimum stock loan payments	
1,602,327	1,597,949
7,348,984	6,397,496
24,383,156	26,936,971
33,334,467	34,932,415
(16,311,497)	(17,909,445)
17,022,971	17,022,971

4 EMPLOYEE BENEFITS

Post Retirement Benefits - Refer to Note 4.1

Long Service Awards - Refer to Note 4.2

Total Non-current Employee Benefit Liabilities

43,219,615	38,160,863
5,123,117	4,572,357
48,342,732	42,733,220

Post Retirement Benefits

Balance 1 July

Contribution for the year

Interest Cost

Expenditure for the year

Actuarial Loss/ (Gain)

Total post retirement benefits 30 June

Less: Transfer of Current Portion - Note 7

Balance 30 June

39,370,907	31,670,577
2,687,932	1,948,763
3,509,801	2,733,505
(1,220,187)	(1,164,956)
134,090	4,183,018
44,482,543	39,370,907
(1,262,928)	(1,210,044)
43,219,615	38,160,863

Long Service Awards

Balance 1 July

Contribution for the year

Interest Cost

Expenditure for the year

Actuarial Loss

Total long service 30 June

Less: Transfer of Current Portion - Note 7

Balance 30 June

4,990,435	4,565,521
505,161	606,655
388,217	328,770
(379,921)	(343,708)
96,820	(166,803)
5,600,712	4,990,435
(477,595)	(418,078)
5,123,117	4,572,357

TOTAL NON-CURRENT EMPLOYEE BENEFITS

Balance 1 July

Contribution for the year

Interest cost

Expenditure for the year

Actuarial (Gain)/ Loss

Total employee benefits 30 June

Less: Transfer of Current Portion - Note 7

Balance 30 June

44,361,342	36,236,098
3,193,093	2,555,418
3,898,018	3,062,275
(1,600,108)	(1,508,664)
230,910	4,016,215
50,083,255	44,361,342
(1,740,523)	(1,628,122)
48,342,732	42,733,220

THEEWATERSKLOOF MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

4	EMPLOYEE BENEFITS (CONTINUE)		2015	2014
			R	R
4.1	Post Retirement Benefits			
	The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:			
	In-service (employee) members		166	166
	In-service (employee) non-members		425	410
	Continuation members (e.g. Retirees, widows, orphans)		34	34
	Total Members		625	610
	The liability in respect of past service has been estimated to be as follows:			
	In-service members		21,438,559	17,485,290
	In-service non-members		5,273,310	5,010,454
	Continuation members		17,770,674	16,875,163
	Total Liability		44,482,543	39,370,907
	The liability in respect of periods commencing prior to the comparative year has been estimated as follows:			
		2013	2012	2011
		R	R	R
	Members	31,670,577	29,679,626	26,514,500
	Total Liability	31,670,577	29,679,626	26,514,500
	Experience adjustments were calculated as follows:	2015	2014	2013
		R	R	R
	Liabilities: (Gain) / loss	(68,000)	2,747,000	(384,000)
	Assets: Gain / (loss)	-	-	-
	The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:			
	Bonitas;			
	LA Health;			
	Hosmed;			
	Samwumed; and			
	Keyhealth.			
	The Future-service Cost for the ensuing year is estimated to be R2 946 000, whereas the Interest Cost for the next year is estimated to be R3 939 800.			
			2015	2014
	Key actuarial assumptions used:		%	%
	i) Rate of interest			
	Discount rate		8.98%	9.05%
	Health Care Cost Inflation Rate		8.07%	8.23%
	Net Effective Discount Rate		0.84%	0.76%
	A discount rate of 8.98% per annum has been used. The corresponding index-linked yield at this term is 1.79%. These rates do not reflect any adjustment for taxation. These rates were deduced from the JSE Zero Coupon bond yield after the market close on 30 June 2015.			
	ii) Mortality rates			
	The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.			
	iii) Normal retirement age			
	It has been assumed that in-service members will retire at age 60, which then implicitly allows for expected rates of early and ill-health retirement.			
	iv) Actuarial Valuation Method			
	The Projected Unit Credit Method has been used to value the liabilities.			

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

4

EMPLOYEE BENEFITS (CONTINUE)

2015
R2014
R

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	44,482,543	39,370,907
Net liability	44,482,543	39,370,907

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	39,370,907	31,670,577
Total expenses	4,977,546	3,517,312
Current service cost	2,687,932	1,948,763
Interest Cost	3,509,801	2,733,505
Benefits Paid	(1,220,187)	(1,164,956)
Actuarial loss	134,090	4,183,018
Present value of fund obligation at the end of the year	44,482,543	39,370,907
Less: Transfer of Current Portion - Note 7	(1,262,928)	(1,210,044)
Balance 30 June	43,219,615	38,160,863

Sensitivity Analysis on the Accrued Liability

Assumption	In-service members liability	Continuation members liability	Total liability (Rm)
Central Assumptions	26,712,000	17,771,000	44,483,000

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (R)	Continuation members liability (R)	Total liability (R)	% change
Health care inflation	1%	32,213,000	19,624,000	51,837,000	17%
Health care inflation	-1%	22,307,000	16,173,000	38,480,000	-13%
Discount Rate	1%	22,107,000	16,198,000	38,305,000	-14%
Discount Rate	-1%	32,706,000	19,627,000	52,333,000	18%
Post-retirement mortality	-1 year	27,610,000	18,491,000	46,101,000	4%
Average retirement age	-1 year	29,017,000	17,771,000	46,788,000	5%
Continuation of membership at retirement	-10%	21,161,000	17,771,000	38,932,000	-12%

Sensitivity Analysis on the future service cost and interest cost

Assumption		Current Service Cost	Interest Cost	Total	% change
		R	R	R	
Central Assumptions		2,946,000	3,939,800	6,885,800	
The effect of movements in the assumptions are as follows:					
Health care inflation	1%	3,611,300	4,600,300	8,211,600	19%
Health care inflation	-1%	2,415,800	3,400,700	5,816,500	-16%
Discount rate	1%	2,411,300	3,761,900	6,173,200	-10%
Discount rate	-1%	3,647,700	4,127,600	7,775,300	13%
Post-retirement mortality	-1 year	3,043,200	4,085,100	7,128,300	4%
Average retirement age	-1 year	3,131,200	4,146,800	7,278,000	6%
Continuation of membership at retirement	-10%	2,331,700	3,441,200	5,772,900	-16%

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

4 EMPLOYEE BENEFITS (CONTINUE)

2015
R

2014
R

4.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Bonuses.

591

576

Key actuarial assumptions used:

2015
%

2014
%

i) Rate of interest

Discount rate	8.12%	8.11%
General Salary Inflation (long-term)	7.14%	7.21%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	0.91%	0.84%

The discount rate of 8,12% per annum has been used. This is derived by using a liability-weighted average of the yields corresponding to the average term until payment of long service awards, for each employee. The corresponding liability-weighted index-linked yield is 1,39%. These rates do not reflect any adjustment for taxation. These rates were deduced from the Johannesburg Stock Exchange (JSE) Zero Coupon bond yield after the market close on 30 June 2015.

ii) Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	5,600,712	4,990,435
Net liability	5,600,712	4,990,435

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2013 R	2012 R	2011 R
Total Liability	4,565,521	3,890,156	3,252,067

Experience adjustments were calculated as follows:	2015 R	2014 R	2013 R	2012 R	2011 R
Liabilities: (Gain) / loss	125,780	(63,677)	(246,582)	21,373	(25,172)
Assets: Gain / (loss)	-	-	-	-	-

Reconciliation of present value of fund obligation:

2015
R

2014
R

Present value of fund obligation at the beginning of the year	4,990,435	4,565,521
Total expenses	513,457	591,717
Current service cost	505,161	606,655
Interest Cost	388,217	328,770
Benefits Paid	(379,921)	(343,708)
Actuarial loss	96,820	(166,803)
Present value of fund obligation at the end of the year	5,600,712	4,990,435
Less: Transfer of Current Portion - Note 7	(477,595)	(418,078)
Balance 30 June	5,123,117	4,572,357

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (Rm)	% change
Central assumptions		5,601	
General salary inflation	1%	6,017	7%
General salary inflation	-1%	5,227	-7%
Discount Rate	1%	5,212	-7%
Discount Rate	-1%	6,043	8%
Average retirement age	-2 yrs	4,752	-15%
Average retirement age	2 yrs	6,306	13%
Withdrawal rates	-50%	6,984	25%

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

4	EMPLOYEE BENEFITS (CONTINUE)			2015 R	2014 R
Sensitivity Analysis on the current- service cost and interest cost for year ending 30/6/2016					
Assumption	Change	Current Service Cost R	Interest Cost R	Total R	% change
Central Assumptions		604,900	435,700	1,040,600	
The effect of movements in the assumptions are as follows:					
General salary inflation	1%	660,700	469,300	1,130,000	9%
General salary inflation	-1%	555,500	405,400	960,900	-8%
Discount rate	1%	558,800	453,900	1,012,700	-3%
Discount rate	-1%	657,800	413,400	1,071,200	3%
Average retirement age	-2 year	528,800	366,700	895,500	-14%
Average retirement age	2 year	670,600	492,900	1,163,500	12%
Withdrawal rates	-50%	835,700	547,900	1,383,600	33%

4.3 Retirement funds

CAPE JOINT PENSION FUND

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

CAPE RETIREMENT FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2014 revealed that the fund is in a sound financial position with a funding level of 101.7% (30 June 2013 - 99.2%).

Contributions paid recognised in the Statement of Financial Performance

12,608,636

CAPE JOINT PENSION FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2014 revealed that the fund is in a sound financial position with a funding level of 99.9% (30 June 2013 - 100.2%).

DEFINED CONTRIBUTION FUNDS

Council contribute to the Municipal Council Pension Fund, SALA Pension Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance

Municipal Councillors Pension Fund	232,041
SALA Pension Fund	135,866
SAMWU National Provident Fund	2,156,824
IMATU Provident Fund	35,804
	<u>2,560,536</u>

THEEWATERSKLOOF MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
5 NON-CURRENT PROVISIONS		
Provision for Rehabilitation of Landfill-site:	58,944,447	25,965,070
Total Non-current Provisions	58,944,447	25,965,070

	2015 R	2014 R
<u>Landfill Sites</u>		
Balance 1 July	25,965,070	24,980,081
Contribution for the year	32,979,377	984,989
Balance 30 June	58,944,447	25,965,070

The calculation for the rehabilitation of the landfill site provision was compiled by an independent qualified engineer in order to determine the present value to rehabilitate the following landfill sites at the end of its useful life:

Location	Site Dimensions	Estimated decommission date	Cost of Rehabilitation 2015	Cost of Rehabilitation 2014
Caledon	58 300m ²	2017	24,758,729	10,194,816
Genadendal	15 240m ²	2019	7,785,764	4,079,995
Greyton	16 000m ²	2019	8,080,063	4,682,808
Riversonderend	10 720m ²	2019	7,767,117	2,311,496
Villiersdorp	21 110m ²	2019	10,552,774	4,695,954
			58,944,447	25,965,070

A retrospective calculation of time value of money, based on average weighted investment rate of prime less 4% was used. This rate used is also within the inflation target range of South African Reserve Bank of between 3% to 6%.

6 CONSUMER DEPOSITS		
Water & Electricity	3,893,108	3,659,875
Total Consumer Deposits	3,893,108	3,659,875
Guarantees held in lieu of Electricity and Water Deposits	219,717	219,717

The fair value of consumer deposits approximate their carrying value. Interest are not paid on these amounts.

	2015 R	2014 R
7 CURRENT EMPLOYEE BENEFITS		
Current Portion of Post Retirement Benefits - Note 4	1,262,928	1,210,044
Current Portion of Long-Service Provisions - Note 4	477,595	418,078
Staff Leave	9,411,958	8,405,940
Performance Bonuses	805,607	653,354
Annual Bonuses	3,373,929	2,967,709
Pension	34,904	52,274
Group Insurance	204,593	190,437
Overtime	29,664	-
Total Current Employee Benefits	15,601,178	13,897,836

The movement in current employee benefits are reconciled as follows:

<u>Staff Leave</u>		
Balance at beginning of year	8,405,940	7,794,181
Contribution / (reversal) for the year - Note 3C	1,947,119	1,328,584
Expenditure incurred	(941,100)	(716,825)
Balance at end of year	9,411,958	8,405,940

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

THEEWATERSKLOOF MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

7	CURRENT EMPLOYEE BENEFITS (CONTINUED)	2015 R	2014 R
	<u>Performance Bonuses</u>		
	Balance at beginning of year	653,354	484,953
	Contribution / (reversal) for the year	906,638	782,790
	Expenditure incurred	(754,385)	(614,389)
	Balance at end of year	805,607	653,354
	Performance bonuses are being paid to the Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement.		
	<u>Annual Bonuses</u>		
	Balance at beginning of year	2,967,709	2,734,793
	Contribution for the year	6,805,324	6,305,337
	Expenditure incurred	(6,399,104)	(6,072,421)
	Balance at end of year	3,373,929	2,967,709
	Annual bonuses are being paid after one year service. There is no possibility of reimbursement.		
	<u>Pension</u>		
	Balance at beginning of year	52,274	74,000
	Expenditure incurred	(17,370)	(21,726)
	Balance at end of year	34,904	52,274
	Pension payments to staff who did not belong to a pension fund in 1994, according to a formula prescribed by a collective agreement. Payment of the amount will occur when respective employees retire. There is no possibility of reimbursement.		
	<u>Group Insurance</u>		
	Fair Value at beginning of year	190,437	141,864
	Fair Value adjustment during the year	14,156	48,573
	Fair value at end of year	204,593	190,437
	Shares accruing and to be apportioned to staff contributing to the Sanlam Group insurance scheme. The timing of the payment is uncertain. The possibility of reimbursement is being investigated.		
	<u>Overtime</u>		
	Balance at beginning of year	-	-
	Contribution to current portior	29,664	-
	Expenditure incurred	-	-
	Balance at end of year	29,664	-
	Overtime for staff worked in current financial year, but paid in next financial year.		

8	PAYABLES FROM EXCHANGE TRANSACTIONS		
	Trade Payables	28,468,536	19,244,727
	Balance Previously reportec		19,156,861
	Correction of Eskom Invoice of June 2014 - Note 39.01		87,866
	Interest Accrued	1,235,870	1,308,374
	Payments received in advance	4,142,812	2,527,581
	Balance Previously reportec		2,490,201
	Reclassification of unknown deposits - Notes 39.01		37,380
	Prepaid unused electricity units	832,601	680,794
	Retentions	14,504,904	14,789,954
	Sundry Deposits	950,595	829,655
	Land Sales deposits	222,562	132,296
	Total Trade Payables	50,357,880	39,513,381

Payables are being paid within 30 days as prescribed by the MFMA. Payables are being recognised net of any discounts. The municipality did not default on any of it's obligations.

The carrying value of trade and other payables approximates its fair value

Sundry deposits include Hall, Builders and Housing Deposits

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

9 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unspent Grants

	10,617,927	1,221,852
National Government Grants	954,916	157,568
Provincial Government Grants - restated 2014	9,335,328	718,791
Balance previously reported		320,236
Correction of error - Note 39.02		398,555
Other Grant Providers	327,683	345,493
Less: Unpaid Grants	-	6,313,484
National Government Grants	-	108,727
Provincial Government Grants	-	6,204,757
Total Conditional Grants and Receipts	10,617,927	(5,091,632)

See appendix "D" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants was withheld.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

10 UNSPENT PUBLIC CONTRIBUTIONS

	2015 R	2014 R
HAN - Hogeschool van Arnhem en Nijmegen	631,360	222,011
IDC - Industrial Development Corporation	212,508	266,388
Total Unspent Public Contributions	843,868	488,399

Reconciliation of public contributions

HAN

Opening balance	222,011	227,349
Contributions received	1,399,760	925,329
Conditions met - Transferred to revenue	(990,411)	(930,666)
Closing balance	631,360	222,011

The grant is for the upliftment of previously disadvantaged communities.

Industrial Development Corporation

Opening balance	266,388	634,772
Conditions met - Transferred to revenue	(53,880)	(368,384)
Closing balance	212,508	266,388

The grant is for the promotion of local economic development and tourism.

11 TAXES

11.1 VAT PAYABLE

VAT Payable	10,167,822	8,170,659
Less: Contribution to provision for impairment of trade receivables from exchange transaction:	(7,462,913)	(6,815,167)
Vat payable	2,704,909	1,355,492

11.2 VAT RECEIVABLE

VAT Receivable	2,389,657	1,219,981
Total VAT receivable	2,389,657	1,219,981

11.3 NET VAT RECEIVABLE/(PAYABLE)

(315,252)	(135,512)
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VAT is receivable/payable on the cash basis.

THEEWATERSKLOOF MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

12 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2015

Reconciliation of Carrying Value

Reconciliation of Carrying Value	Cost						Accumulated Depreciation Charges and Impairment Losses						Carrying Value		
	Opening Balance R	Correction of error R	Additions R	Revaluations	Impairments R	Disposals R	Closing Balance R	Opening Balance R	Correction of error	Depreciation for the year R	Correction of error	Revaluation Reversal R	Disposals R	Closing Balance R	R
Land and Buildings	177,194,927	-	11,653,073	3,715,584	2,989,140	-	189,574,444	-	-	1,317,208	-	1,317,208	-	-	189,574,444
Land	52,175,290	-	-	269,793	3,183	-	52,441,900	-	-	-	-	-	-	-	52,441,900
Buildings	125,019,637	-	11,653,073	3,445,790	2,985,957	-	137,132,544	-	-	1,317,208	-	1,317,208	-	-	137,132,544
Infrastructure	515,016,554	-	58,709,948	-	-	-	573,726,502	79,113,647	-	8,264,177	-	-	-	87,377,824	486,348,678
Roads and Storm water	116,504,106	-	4,466,804	-	-	-	120,970,910	34,317,092	-	2,548,192	-	-	-	36,865,283	84,105,626
Electricity Network	49,851,708	-	7,286,659	-	-	-	57,138,367	9,414,820	-	1,191,317	-	-	-	10,606,138	46,532,229
Sewerage Network	130,352,123	-	14,456,519	-	-	-	144,808,642	13,715,084	-	1,843,810	-	-	-	15,558,895	129,249,748
Water Network	131,326,660	-	2,526,374	-	-	-	133,853,033	20,977,300	-	2,578,147	-	-	-	23,555,447	110,297,586
Refuse Removal	1,538,741	-	-	-	-	-	1,538,741	152,726	-	13,273	-	-	-	165,999	1,372,742
Housing Infrastructure	85,443,216	-	29,973,593	-	-	-	115,416,809	536,625	-	89,437	-	-	-	626,062	114,790,746
Community Assets	1,217,194	-	-	-	-	-	1,217,194	258,718	-	57,459	-	-	-	316,177	901,017
Recreation Grounds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Halls	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Parks & Gardens	1,015,494	-	-	-	-	-	1,015,494	198,210	-	50,740	-	-	-	248,950	766,544
Cemeteries	201,699	-	-	-	-	-	201,699	60,508	-	6,719	-	-	-	67,227	134,472
Lease Assets	361,600	-	458,477	-	-	-	820,077	248,822	-	52,013	-	-	-	300,836	519,241
Office Equipment	361,600	-	458,477	-	-	-	820,077	248,822	-	52,013	-	-	-	300,836	519,241
Other Assets	39,237,686	-	2,764,197	-	-	-	42,001,882	10,421,410	-	1,840,065	-	-	-	12,261,475	29,740,407
Vehicles	3,567,448	-	-	-	-	-	3,567,448	682,727	-	80,619	-	-	-	763,346	2,804,102
Tools & Equipment	4,309,999	-	692,512	-	-	-	5,002,511	1,424,681	-	389,255	-	-	-	1,813,936	3,188,575
Furniture	1,381,680	-	156,034	-	-	-	1,537,715	488,435	-	77,913	-	-	-	566,348	971,366
Equipment	3,480,154	-	779,508	-	-	-	4,259,662	1,592,231	-	306,124	-	-	-	1,898,355	2,361,307
Special Vehicles	19,533,787	-	-	-	-	-	19,533,787	3,837,119	-	442,858	-	-	-	4,279,976	15,253,811
Tables	410,239	-	83,685	-	-	-	493,925	162,303	-	25,784	-	-	-	188,087	305,838
Chairs	704,839	-	118,824	-	-	-	823,663	249,448	-	41,926	-	-	-	291,374	532,288
Office Equipment	2,136,069	-	125,965	-	-	-	2,262,034	854,329	-	168,383	-	-	-	1,022,713	1,239,321
Computer Hardware	3,592,962	-	807,669	-	-	-	4,400,630	1,103,296	-	299,176	-	-	-	1,402,472	2,998,159
Other	120,510	-	-	-	-	-	120,510	26,840	-	8,028	-	-	-	34,869	85,641
	733,027,960	-	73,585,695	3,715,584	2,989,140	-	807,340,098	90,042,596	-	11,530,923	-	1,317,208	-	100,256,311	707,083,787

THEEWATERSKLOOF MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

30 JUNE 2014

Reconciliation of Carrying Value

Reconciliation of Carrying Value	Cost						Accumulated Depreciation Charges and Impairment Losses						Carrying Value		
	Opening Balance R	Correction of error - Note 39.07 R	Additions R	Revaluations	Impairment and Disposals R	Residual Value Disposals R	Closing Balance R	Opening Balance R	Correction of error	Depreciation for the year R	Correction of error	Revaluation Reversal R	Disposals R	Closing Balance R	R
Land and Buildings	136,551,448	2,380,850	7,667,831	39,202,848	8,608,050	-	177,194,927	-	-	981,130	-	(981,130)	-	-	177,194,927
Land	41,991,372	1,730,850	6,882,601	1,679,110	108,643	-	52,175,290	-	-	981,130	-	-981,130	-	-	52,175,290
Buildings	94,560,077	650,000	785,230	37,523,738	8,499,407	-	125,019,637	-	-	-	-	-	-	-	125,019,637
Infrastructure	462,538,674	-	52,614,205	-	-	136,325	515,016,554	72,001,591	-	7,175,972	-	-	63,916	79,113,647	435,902,907
Roads and Storm water	111,448,682	-	5,191,749	-	-	136,325	116,504,106	31,959,507	-	2,421,501	-	-	63,916	34,317,092	82,187,015
Electricity Network	45,813,350	-	4,038,358	-	-	-	49,851,708	8,330,515	-	1,084,305	-	-	-	9,414,820	40,436,887
Sewerage Network	111,745,470	-	18,606,653	-	-	-	130,352,123	12,615,327	-	1,099,757	-	-	-	13,715,084	116,637,039
Water Network	123,210,651	-	8,116,009	-	-	-	131,326,660	18,509,601	-	2,467,699	-	-	-	20,977,300	110,349,360
Refuse Removal	1,538,741	-	-	-	-	-	1,538,741	139,452	-	13,273	-	-	-	152,726	1,386,015
Housing	68,781,780	-	16,661,436	-	-	-	85,443,216	447,187	-	89,437	-	-	-	536,625	84,906,591
Community Assets	1,217,194	-	-	-	-	-	1,217,194	201,259	-	57,459	-	-	-	258,718	958,476
Recreation Grounds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Halls	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Parks & Gardens	1,015,494	-	-	-	-	-	1,015,494	147,470	-	50,740	-	-	-	198,210	817,284
Cemeteries	201,699	-	-	-	-	-	201,699	53,789	-	6,719	-	-	-	60,508	141,191
Lease Assets	361,600	-	-	-	-	-	361,600	192,033	-	56,789	-	-	-	248,822	112,778
Office Equipment	361,600	-	-	-	-	-	361,600	192,033	-	56,789	-	-	-	248,822	112,778
Other Assets	37,179,233	-	2,714,147	-	35,000	620,694	39,237,686	8,882,084	-	1,682,432	-	-	143,106	10,421,410	28,816,276
Vehicles	3,819,528	-	-	-	-	252,080	3,567,448	623,883	-	84,213	-	-	25,370	682,727	2,884,721
Tools & Equipment	3,778,343	-	537,626	-	-	5,969	4,309,999	1,069,119	-	357,174	-	-	1,612	1,424,681	2,885,318
Furniture	1,214,352	-	167,328	-	-	-	1,381,680	419,568	-	68,867	-	-	-	488,435	893,245
Equipment	3,084,602	-	407,335	-	-	11,783	3,480,154	1,327,806	-	266,879	-	-	2,453	1,592,231	1,887,923
Special Vehicles	19,512,009	-	377,914	-	35,000	321,136	19,533,787	3,494,509	-	440,492	-	-	97,883	3,837,119	15,696,668
Tables	393,949	-	16,290	-	-	-	410,239	139,641	-	22,662	-	-	-	162,303	247,936
Chairs	709,019	-	-	-	-	4,180	704,839	210,415	-	40,502	-	-	1,469	249,448	455,391
Office Equipment	1,803,028	-	335,497	-	-	2,456	2,136,069	699,662	-	155,953	-	-	1,286	854,329	1,281,740
Computer Hardware	2,743,894	-	872,157	-	-	23,090	3,592,962	878,668	-	237,662	-	-	13,034	1,103,296	2,489,666
Other	120,510	-	-	-	-	-	120,510	18,812	-	8,028	-	-	-	26,840	93,669
	637,848,149	2,380,850	62,996,183	39,202,848	8,643,050	757,019	733,027,960	81,276,967	-	9,953,781	-	(981,130)	207,022	90,042,596	642,985,364

THEEWATERSKLOOF MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

12	PROPERTY, PLANT AND EQUIPMENT	2015 R	2014 R
	Assets pledged as security:		
	No property, plant and equipment, save for those financed from finance leases, are pledged as security for finance.		
	Third party payments received for losses incurred:		
	Payments received (Excluding VAT)	833,110	226,910
	Surplus/Deficit	833,110	226,910
	Impairment of property plant and equipment for the year		
	Impairment charges on Property, plant and equipment recognised in statement of financial performance		
	Land and Buildings	1,333,061	8,643,050
		1,333,061	8,643,050
	The current economic climate with resultant declining property values is the main reason for impairment charge:		
	Fair value of Land and Buildings was determined by a registered Valuator - Mr W.M. De Kock of W.M. de Kock and Associates. The method used for determining the open market value of the improvements is the accrued depreciation method of valuation. Accrued depreciation is a loss in value from the replacement cost of improvements due to physical deterioration, functional obsolescence and external obsolescence. After identifying and measuring the separate elements of the accrued depreciation, the value of the applicable type of depreciation are deducted from the replacement cost of the improvements.		
		2015 R	2014 R
	Fully Depreciated assets still in use were as follows:	100,000	98,000
	Carrying value of property plant and equipment in the course of construction:	99,408,970	47,749,490
	Reconciliation of revaluation surplus:		
	Opening balance	81,275,442	41,091,455
	Movement for the period	3,715,584	40,183,987
	Closing balance	84,991,026	81,275,442
13	CAPITALISED RESTORATION COST	2015 R	2014 R
	Net Carrying amount at 1 July	89,363	136,945
	Cost	3,432,613	3,432,613
	Accumulated Depreciation	(3,258,049)	(3,212,825)
	Accumulated Impairments	(85,202)	(82,843)
	Acquisitions	31,619,234	-
	Depreciation for the year	(18,803)	(45,223)
	Impairment for the year	14,612	(2,359)
	Net Carrying amount at 30 June	31,704,406	89,363
	Cost	35,051,847	3,432,613
	Accumulated Depreciation	(3,276,851)	(3,258,049)
	Accumulated Impairments	(70,590)	(85,202)

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

14	INVESTMENT PROPERTY	2015 R	2014 R
	Net Carrying amount at 1 July	165,792,813	152,571,764
	Cost - Balance previously reported		145,291,764
	Correction of error - Note 39.03		8,545,000
	Correction of error - Note 39.03		(1,265,000)
	Disposals	(7,633,134)	(1,065,885)
	Fair Value Adjustments - Impairment	(737,811)	(13,851,629)
	Revaluation increase	1,641,733	28,138,564
	Net Carrying amount at 30 June	159,063,601	165,792,813
	Cost	159,063,601	165,792,813

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal. There are no investment properties pledged as security for liabilities.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Fair value of Land and Buildings was determined by a registered Valuator - Mr W.M. De Kock of W.M. de Kock Associates. The method used for determining the open market value of the improvements is the accrued depreciation method of valuation. Accrued depreciation is a loss in value from the replacement cost of improvements due to physical deterioration, functional obsolescence and external obsolescence. After identifying and measuring the separate elements of the accrued depreciation, the value of the applicable type of depreciation are deducted from the replacement cost of the improvements.

Revenue derived from the rental of investment property	271,079	274,718
Operating expenditure incurred on investment properties	89,956	144,947

15	INTANGIBLE ASSETS		
	Computer Software		
	Net Carrying amount at 1 July	1,573,385	1,892,950
	Cost	3,197,698	3,197,698
	Accumulated Amortisation	(1,624,313)	(1,304,749)
	Additions	14,338	-
	Amortisation	(320,079)	(319,564)
	Net Carrying amount at 30 June	1,267,644	1,573,385
	Cost	3,212,036	3,197,698
	Accumulated Amortisation	(1,944,393)	(1,624,313)

The following material intangible assets are included in the carrying value above

<u>Description</u>	<u>Remaining Amortisation Period</u>	<u>Carrying Value</u>	
		2015 R	2014 R
Computer software	9 years	1,267,645	1,573,385

No intangible asset were assed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

THEEWATERSKLOOF MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

16	NON-CURRENT INVESTMENTS	2015 R	2014 R
	Listed shares	204,593	190,437
	Cost - Balance previously reported		-
	Correction of error - Note		190,437
	Fixed Deposits	9,627,544	-
	Total Non-Current Investments	9,832,136	190,437
	Listed shares are held in public companies. No specific maturity dates and interest rates are applicable to these shares.		
	Listed investments comprise of the following.		
	Sanlam - Shares Investment	204,593	190,437
		204,593	190,437
	Fixed Deposits are investments with a maturity period of more than 12 months and earn interest rates of 10.22% per annum.		
	Fixed deposits consist out of the following accounts:		
	Standard Bank - Acc.no.088907139005 - 5 year investmen	9,627,544	-
		9,627,544	-
	Included in Non-Current investments are balances ring-fenced for the following specific purpose		
	Repayment of long term liabilities	9,627,544	-
		9,627,544	-
17	HERITAGE ASSETS	2015 R	2014 R
	The municipality has four registered Heritage Assets, however, the principal usage of the assets is that of service delivery and is therefore recognised in Property, Plant and Equipment. The assets are as follows:		
		Recognised as :	Valuation
	Erf 614, Caledon - Utilised as the Town Hall	Property, Plant and Equipment	7,263,300
	Erven 12 and 14 - Villiersdorp - Utilised as a Restaurant.	Investment Properties	3,037,000
	Bridge at Meul Street, Caledon	Property, Plant and Equipment	3,527
	Bridge at Farm 39, Genadendal	Property, Plant and Equipment	1,481
	There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or enhancements.		
	There are no Heritage Assets pledged as security for liabilities		
	There were no third party payments received for losses and impairments incurred.		

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

18 LONG-TERM RECEIVABLES

Officials' Housing Loans - At amortised cost	6,811	29,286
Transfer from receivables from exchange transactions	3,089,203	1,064,167
Transfer from receivables from non-exchange transactions	1,446,136	2,024,285
	4,542,149	3,117,738
Less: Unamortised Discount on Loans	-	-
Balance 1 July	-	(4,524)
Adjustment for the period	-	4,524
Less: Current portion transferred to current receivables	(6,811)	(5,429)
Officials Housing Loans - At amortised cost	(6,811)	(5,429)
Less: Transfers to exchange and non-exchange receivables	(2,447,323)	(1,475,826)
Transfer to receivables from exchange transactions	(1,781,225)	(445,778)
Transfer to receivables from non-exchange transactions	(666,097)	(1,030,048)
Less: Allowance for doubtful debts	(2,088,016)	(1,612,626)
Allowance for doubtful debts on exchange transaction:	(1,307,977)	(618,389)
Allowance for doubtful debts on non-exchange transaction:	(780,039)	(994,237)
Total Long Term Receivables	-	23,857
Reconciliation of Provision for Bad Debts		
Balance at beginning of year	1,612,626	2,197,942
Transfer from long-term receivables	475,390	(585,315)
Balance at end of year	2,088,016	1,612,626

HOUSING LOANS

Housing loans are not granted to officials of the municipality. The outstanding amount relates to prior years and is still collectable. Staff were entitled to housing loans which attract interest at 3-10% per annum and which are repayable over a maximum period of 20 years. These loans are repayable up to the year 2016.

Balances of debtors with arrangements to pay off old debt for longer than 1 period are transferred from current receivables to long-term receivables. Due to the low level of payments and consistent with the accounting policy, all these debtors are impaired.

All remaining amounts are collectable

19 INVENTORY

Maintenance Materials - At cost	4,417,593	3,608,417
Balance Previously reported		1,884,068
Correction of inventory not recognised - Note 39.05		1,724,349
Water – at cost	430,515	398,183
Total Inventory	4,848,108	4,006,600

A reconciliation of water losses is included in Note 44.4

THEEWATERSKLOOF MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
20 RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Electricity	6,004,013	6,012,971
Water	32,813,237	28,799,265
Refuse	28,535,877	23,800,363
Sewerage	24,692,715	19,531,844
Other	2,801,039	5,466,781
Total Receivables from Exchange Transactions	93,538,905	82,992,835
Sub Total Receivables from Exchange Transactions	94,846,882	83,611,224
Transfer to long-term receivables	(3,089,203)	(1,064,167)
Transfer from long-term receivables transactions	1,781,225	445,778
Less: Allowance for Doubtful Debts	(76,779,811)	(70,715,230)
Total Net Receivables from Exchange Transactions	16,759,094	12,277,604

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary in terms of IGRAP1.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

21 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Rates	27,840,381	26,575,952
Balance Previously reported		27,222,394
Property Rates incorrectly levied - Notes 39.06		(646,442)
Other Receivables	5,054,965	4,292,048
Balance Previously reported		4,389,343
Insurance claims paid short - Notes 39.06		(134,674)
Reclassification of unknown deposits - Notes 39.06		37,380
Accrued Fines	27,785,220	22,808,670
Total Receivables from Non-Exchange Transactions	59,900,527	52,682,434
Sub Total Receivables from Non-Exchange Transactions	60,680,566	53,676,671
Transfer to long-term receivables	(1,446,136)	(2,024,285)
Transfer from long-term receivables transactions	666,097	1,030,048
Less: Allowance for Doubtful Debts	(41,218,676)	(37,959,167)
Total Net Receivables from Non-Exchange Transactions	18,681,851	14,723,267

Ageing of receivables

Current (0 - 30 days)	24,126,526	19,397,941
1 to 3 months	16,751,039	15,001,215
Longer than 3 months	112,561,867	101,276,112
Total	153,439,432	135,675,268

Reconciliation of Provision for Bad Debts

Balance at beginning of year	108,674,397	114,933,880
Contribution to provision	41,103,454	47,929,975
Reversal of provision	(3,529,582)	-
Transfer to longterm receivables	(475,390)	585,315
Bad Debts Written Off	(27,774,394)	(54,774,773)
Balance at end of year	117,998,487	108,674,397

Balances past due not impaired:	5,250,743	7,226,049
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THEEWATERSKLOOF MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

		2015 R	2014 R
21	RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)		
	Rates debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of rates debtors are not performed in terms of GRAP 104 on initial recognition.		
	Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.		
22	OPERATING LEASE ARRANGEMENTS		
22.1	The Municipality as Lessor (Asset)		
	Balance on 1 July	489,252	442,097
	Movement during the year	5,877	47,155
	Balance on 30 June	495,129	489,252
	At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:		
	Up to 1 Year	715,367	761,233
	1 to 5 Years	1,131,399	1,716,858
	More than 5 Years	1,618,965	1,694,541
	Total Operating Lease Arrangements	3,465,731	4,172,632
	Theewaterskloof Municipality is leasing a number of land and some buildings to different rate payers for periods ranging from 2 to 99 years, with escalations of between 1% and 12% per year.		
	This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.		
	The leases are in respect of land and buildings being leased out for periods ranging until 2094		
	The municipality does not engage in any sub-lease arrangements.		
	The municipality did not receive any contingent rent during the year		
23	CASH AND CASH EQUIVALENTS		
	Assets		
	Call Investments Deposits	50,709,125	26,776,969
	Cost - Balance previously reported		26,967,406
	Correction of error - Note		(190,437)
	Primary Bank Account	17,743,217	11,240,631
	Cash Floats	10,350	10,350
	Total Cash and Cash Equivalents - Assets	68,462,691	38,027,950
	Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value. Outstanding deposits and outstanding cheques at year-end are recognised as part of cash and cash equivalents.		
	The municipality has one guarantee of R15 000 in the name of the beneficiary, Eskom.		
	An amount of R 430 224 (2014: R 430 224), included in Call Investment Deposits above, is invested in an institution which is under curatorship. The curators are encashing property developments financed by the investment company before distribution of funds will continue , however it is expected significant capital losses will be incurred. The dates of any possible future cashflows are not known at the reporting date and the full amount has been impaired due to the uncertainty of collectability.		
	The municipality has the following bank accounts:		
	Current Accounts		
	Caledon ABSA Bank - Account Number 405 7866 237 (Primary Bank Account):	17,743,217	11,240,631
	Caledon ABSA Bank - Account Number 8 2014 6603 (Traffic account):	-	-
	Caledon ABSA Bank - Account Number 40 5915 5676 (Traffic account):	-	-
		17,743,217	11,240,631
	Traffic account is cleared daily to Primary Bank Account.		

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

The municipality has a standing overdraft limit of R2 500 000 at ABSA Bank.

Call investment deposits consist out of the following accounts:

Less: Provision for impairment

Actual

Residential, Commercial Property, State

Less: Rebates

Total Assessment Rates

Valuations - 1 JULY 2014

Residential
Business & Commercial
Public benefit Organizations
State-owned
Agricultural
Other

Total Assessment Rates

THEEWATERSKLOOF MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

24 PROPERTY TAXES (CONTINUED)

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2013. Rebates were granted on land with buildings used solely for dwellings purposes as follows: Residential
 - The first R15 000 on the valuation is exempted.
 - A further R85 000 on the valuation are exempt from property rates for all those households earning less than R4 801. (This exemption is also applicable to persons older than 60 and earning between R4 801 and R6 401).

Rates:

Residential	0.7345 c/R	0.650 c/R
Commercial	1.6385 c/R	1.450 c/R
Agricultural	0.1693 c/R	0.137 c/R

Rates are levied annually and monthly. Monthly rates are payable by the 25th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

25 GOVERNMENT GRANTS AND SUBSIDIES

	2015 R	2014 R
Unconditional Grants	62,481,000	57,262,000
Equitable Share	62,481,000	57,262,000
Conditional Grants	105,830,110	97,113,531
EPWP	1,097,084	1,770,530
National Electrification Program	3,900,000	-
Municipal Infrastructure Grant	25,115,568	24,800,570
MSIG Funds	825,273	857,855
Finance Management Grant	1,600,000	1,249,208
Neighbourhood Development Program Grant	-	904
Regional Bulk Infrastructure Grant	5,441,000	5,720,274
Municipal Disaster Recovery	439,000	-
Spatial Development Framework	-	30,469
Botrivier Development Contribution	-	38,889
CDW's	180,895	166,064
Project Preparation	-	69,400
Housing	59,098,512	52,357,867
Municipal Infrastructure Support Grant	1,018,000	-
Finance Management Support Grant	853,417	600,000
Multi Purpose Bus	-	62,102
Thusong Multi Purpose Centre	-	2,500,000
Main Roads Subsidy	92,000	74,000
Library Subsidy	5,872,952	6,014,543
Impound Facility	-	450,000
DBSA GIS	-	943
DBSA Local Economic Development	17,810	118,326
SETA	278,599	231,587
Total Government Grants and Subsidies	168,311,110	154,375,531

The municipality does not expect any significant changes to the level of grants.

Revenue recognised per vote as required by Section 123 (c) of the MFMA

Equitable share	62,481,000	57,262,000
Executive and council	171,772	1,973,092
Budget and treasury office	38,075,357	89,040,321
Corporate services	2,140,237	-
Community and social services	5,795,557	5,914,226
Housing	59,098,512	-
Planning and development	17,810	118,326
Road transport	530,866	67,566
	168,311,110	154,375,531

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

		2015 R	2014 R
25	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)		
25.01	Equitable share		
	Opening balance	-	-
	Grants received	62,481,000	57,262,000
	Conditions met - Transferred to revenue	(62,481,000)	(57,262,000)
	Conditions still to be met	-	-
	The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.		
	All registered indigents receive a monthly subsidy as per approved budget, funded from this grant. Indigent subsidies is based on the cost of free basic services of R487.54 per month (2014: R420.57)		
25.02	EPWP		
	Opening balance	-	770,530
	Grants received	1,106,000	1,000,000
	Conditions met - Transferred to revenue	(1,097,084)	(1,770,530)
	Conditions still to be met	8,916	-
	To extend services to communities through a nationally co-ordinated approach.		
25.03	National Electrification Program		
	Opening balance	-	-
	Grants received	3,900,000	-
	Conditions met - Transferred to revenue	(3,900,000)	-
	Conditions still to be met	-	-
	To implement the Programme (INEP) by providing capital subsidies to municipalities to address the electrification backlog of permanently occupied residential dwellings, the installation of bulk infrastructure and rehabilitation and refurbishment of electricity infrastructure, in order to improve the quality of supply.		
25.04	Municipal Infrastructure Grant		
	Opening balance	157,568	109,138
	Grants received	24,958,000	24,849,000
	Conditions met - Transferred to revenue	(25,115,568)	(24,800,570)
	Conditions still to be met	-	157,568
	The grant was used to construct roads, water and sewerage infrastructure as part of the upgrading of informal settlement areas (included in roads and sewerage votes in Appendix B). No funds have been withheld.		
25.05	MSIG Funds		
	Opening balance	(108,727)	(140,872)
	Grants received	934,000	890,000
	Conditions met - Transferred to revenue	(825,273)	(857,855)
	Grant expenditure to be recovered	-	(108,727)
	The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.		
25.06	Finance Management Grant		
	Opening balance	-	(250,792)
	Grants received	1,600,000	1,500,000
	Conditions met - Transferred to revenue	(1,600,000)	(1,249,208)
	Grant expenditure to be recovered	-	-
	The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns). No funds have been withheld.		

THEEWATERSKLOOF MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

		2015 R	2014 R
25	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)		
25.07	Neighbourhood Development Program Grant		
	Opening balance	-	76,904
	Grants received	-	-
	Conditions met - Transferred to revenue	-	(904)
	Grant withheld	-	(76,000)
	Conditions still to be met	-	-
	The NDPG is being utilised for development of economic nodes within previously disadvantaged areas. The amount of R76 000 was withheld from the Equitable Share in the financial year 2013/2014.		
25.08	Regional Bulk Infrastructure Grant		
	Opening balance	-	(1,761,363)
	Grants received	5,441,000	7,481,637
	Conditions met - Transferred to revenue	(5,441,000)	(5,720,274)
	Grant expenditure to be recovered	-	-
	The grant is utilised to construct sewerage bulk infrastructure in Grabouw.		
25.09	Municipal Disaster Recovery		
	Opening balance	-	-
	Grants received	1,385,000	-
	Conditions met - Transferred to revenue	(439,000)	-
	Conditions still to be met	946,000	-
	The grant was utilised to repair municipal property damage caused by nature disasters.		
25.10	Spatial Development Framework		
	Opening balance	-	30,469
	Conditions met - Transferred to revenue	-	(30,469)
	Conditions still to be met	-	-
	The grant is utilised to develop and update a SDF for the municipality.		
25.11	Botrivier Development Contribution		
	Opening balance	-	38,889
	Conditions met - Transferred to revenue	-	(38,889)
	Conditions still to be met	-	-
	To obtain a policy for dealing with development applications and the payment of development contributions		
25.12	CDW's		
	Opening balance	109,977	144,840
	Grants received	122,415	131,200
	Conditions met - Transferred to revenue	(180,895)	(166,064)
	Conditions still to be met	51,497	109,977
	To provide financial assistance to municipalities to cover the operational costs pertaining to the functions of the community development workers including the regional coordinators.		
25.13	Project Preparation		
	Opening balance	-	69,400
	Conditions met - Transferred to revenue	-	(69,400)
	Conditions still to be met	-	-
	Development of project plans.		

THEEWATERSKLOOF MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

		2015 R	2014 R
25	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)		
25.14	Housing		
	Opening balance	(6,204,758)	(224,882)
	Grants received	73,293,097	46,377,991
	Conditions met - Transferred to revenue	(59,098,512)	(52,357,867)
	Grant expenditure to be recovered	<u>7,989,826</u>	<u>(6,204,758)</u>
	Provide housing to the indigents.		
25.15	Municipal Infrastructure Support Grant		
	Opening balance	-	-
	Grants received	1,018,000	-
	Conditions met - Transferred to revenue	(1,018,000)	-
	Conditions still to be met	<u>-</u>	<u>-</u>
	The grant was utilised to construct infrastructure.		
25.16	Financial Support Grant		
	Opening balance	100,000	400,000
	Grants received	1,336,560	300,000
	Conditions met - Transferred to revenue	(853,417)	(600,000)
	Conditions still to be met	<u>583,143</u>	<u>100,000</u>
	The grant is intended to be utilised for the improvement of financial governance.		
25.17	Multi Purpose Bus		
	Opening balance	-	62,102
	Conditions met - Transferred to revenue	-	(62,102)
	Conditions still to be met	<u>-</u>	<u>-</u>
	The grant is intended to be utilised to purchase a bus.		
25.18	Thusong Multi Purpose Centre		
	Opening balance	-	2,500,000
	Conditions met - Transferred to revenue	-	(2,500,000)
	Conditions still to be met	<u>-</u>	<u>-</u>
	The grant is intended to be utilised to build a Multi purpose centre in Grabouw.		
25.19	Main Roads Subsidy		
	Opening balance	-	-
	Grants received	92,000	74,000
	Conditions met - Transferred to revenue	(92,000)	(74,000)
	Conditions still to be met	<u>-</u>	<u>-</u>
	The subsidy is utilised for the maintenance of the provincial main roads which runs through the town centre		
25.20	Library Subsidy		
	Opening balance	508,814	162,357
	Balance previously reportec		-
	Correction of error - Note 39.09		162,357
	Grants received	6,075,000	6,361,000
	Conditions met - Transferred to revenue	(5,872,952)	(6,014,543)
	Balance previously reportec		(6,250,740)
	Correction of error - Note 39.1		236,198
	Conditions still to be met	<u>710,862</u>	<u>508,814</u>
	The subsidy is utilised for the operational costs of libraries which is a provincial function		

THEEWATERSKLOOF MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

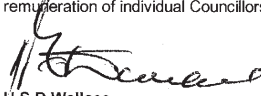
		2015 R	2014 R
25	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)		
25.21	Other Grant Providers		
	Opening balance	345,493	464,762
	Grants received	278,599	681,587
	Conditions met - Transferred to revenue	(296,409)	(800,856)
	Conditions still to be met	327,683	345,493
	Various grants were received from other spheres of government (e.g. DBSA and SETA)		
25.22	Total Grants		
	Opening balance	(5,091,632)	2,451,483
	Grants received	184,020,670	146,908,415
	Conditions met - Transferred to revenue	(168,311,110)	(154,375,531)
	Grants withheld	-	(76,000)
	Conditions still to be met/(Grant expenditure to be recovered)	10,617,927	(5,091,632)
	<u>Disclosed as follows:</u>		
	Unspent Conditional Government Grants and Receipt:	10,617,927	1,221,852
	Unpaid Conditional Government Grants and Receipt:	-	(6,313,484)
		10,617,927	(5,091,632)
26	PUBLIC CONTRIBUTIONS AND DONATIONS		
	Conditional Grants	1,044,291	1,299,050
	HAN - Students	990,411	930,666
	Industrial Development Corporation - Local Economic Development	53,880	368,384
	Total Government Grants and Subsidies	1,044,291	1,299,050
26.01	HAN - Students		
	Opening balance	222,011	227,349
	Grants received	1,399,760	925,329
	Conditions met - Transferred to revenue	(990,411)	(930,666)
	Conditions still to be met	631,360	222,011
	The grant gives students from abroad the opportunity to engage with community in upliftment of previously disadvantaged communities projects.		
26.02	Industrial Development Corporation - Local Economic Development		
	Opening balance	266,388	634,772
	Conditions met - Transferred to revenue	(53,880)	(368,384)
	Conditions still to be met	212,508	266,388
	The grant is for the promotion of local economic development and tourism		
26.03	Total Public Contributions and donations		
	Opening balance	488,400	862,121
	Grants received	1,399,760	925,329
	Conditions met - Transferred to revenue	(1,044,291)	(1,299,050)
	Conditions still to be met/(Grant expenditure to be recovered)	843,868	488,400
27	SERVICE CHARGES		
	Electricity	67,096,375	64,593,922
	Water	43,967,146	37,086,939
	Refuse removal	21,495,952	20,722,658
	Sewerage and Sanitation Charges	21,194,876	19,983,180
	Other Service Charges	206,003	145,068
	Total Service Charges	153,960,353	142,531,766

THEEWATERSKLOOF MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

		2015	2014
		R	R
28	OTHER INCOME		
	Plot Rental	38,290	36,448
	Building Plan fees	1,453,982	1,537,976
	Cemetery fees	484,245	476,821
	Valuation Certificates	252,568	221,314
	Vehicle Registration fees	678,235	523,611
	Sundry income	1,385,890	1,677,420
	Total Other Income	4,293,210	4,473,590
29	FAIR VALUE ADJUSTMENTS		
	Unamortised Discount - Interest	-	4,524
	Investment Property	-	28,138,564
		-	28,143,088
30	EMPLOYEE RELATED COSTS		
	Salaries	88,456,205	80,082,313
	Overtime	3,361,913	2,990,667
	Standby Allowances	1,869,758	1,274,794
	Transport Allowance	5,571,260	5,062,642
	Housing Subsidy	528,809	510,780
	Other Allowance	1,099,899	993,843
	Bonus	7,503,423	6,686,810
	Group Insurance	1,417,865	1,456,593
	Medical Aid Contributor	4,219,039	3,772,411
	Pension Fund Contributor	14,423,679	13,182,611
	Unemployment Fund	777,215	734,656
	Leave Reserve Fund	1,947,119	1,328,584
	Workmens Compensation Contributions	457,562	873,150
	Contribution to provision - Long Service Awards	505,161	606,655
	Contribution to provision - Post Retirement Medical	2,687,932	1,948,763
	Post Retirement Finance Charges	3,898,018	3,062,275
	Total Employee Related Costs	138,724,858	124,567,548
	KEY MANAGEMENT PERSONNEL		
	Municipal Manager is appointed on a 7-year contract and the Director Technical Services on a 5 year contract. All other Directors are appointed on 10-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract period. Acting allowances are immaterial.		
	REMUNERATION OF KEY MANAGEMENT PERSONNEL		
	<i>Remuneration of the Municipal Manager - HSD Wallace</i>		
	Annual Remuneratior	1,167,812	1,101,962
	Car Allowance	125,641	125,641
	Contributions to UIF, Medical and Pension Fund:	114,119	90,472
	Performance Bonuses	171,350	148,736
	Total	1,578,922	1,466,811
	<i>Remuneration of the Director Technical Services - C van Heerder</i>		
	Annual Remuneratior	1,042,053	983,272
	Car Allowance	120,000	120,000
	Contributions to UIF, Medical and Pension Fund:	41,100	23,381
	Performance Bonuses	123,932	95,351
	Total	1,327,085	1,222,005
	<i>Remuneration of the Director Corporate Services - J Isaacs</i>		
	Annual Remuneratior	938,746	889,353
	Car Allowance	60,000	60,000
	Contributions to UIF, Medical and Pension Fund:	204,406	177,300
	Performance Bonuses	124,687	105,946
	Total	1,327,839	1,232,599

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
30 EMPLOYEE RELATED COSTS (CONTINUE)		
<i>Remuneration of the Director Development Services - MH Gxoyiya</i>		
Annual Remuneration	846 406	797 464
Car Allowance	120 001	120 000
Contributions to UIF, Medical and Pension Funds	236 747	209 189
Performance Bonuses	112 665	74 162
Total	1 315 818	1 200 815
<i>Remuneration of the Director Financial Services - D Louw</i>		
Annual Remuneration	781 197	738 309
Car Allowance	108 000	108 000
Contributions to UIF, Medical and Pension Funds	189 649	163 941
Performance Bonuses	111 128	104 500
Total	1 189 974	1 114 750
<i>Remuneration of the Director Operational Services - J Barnard</i>		
Annual Remuneration	777 521	726 388
Car Allowance	62 428	62 428
Contributions to UIF, Medical and Pension Funds	241 333	223 716
Performance Bonuses	111 379	85 693
Total	1 192 661	1 098 225
31 REMUNERATION OF COUNCILLORS		
Mayor	751 841	719 382
Deputy Mayor	605 791	579 638
Speaker	605 791	579 638
Mayoral Committee Members	2 277 502	2 179 176
Councillors	4 332 335	4 145 297
Total Councillors' Remuneration	8 573 261	8 203 131
<i>In-kind Benefits</i>		
The Executive Mayor, Deputy Executive Mayor, Speaker and three mayoral committee members are full-time. They are provided with secretarial support and an office each at the cost of the Council.		
I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the Framework envisaged in section 219 of the Constitution, read with the Remuneration of Public Office Bearer's Act and the Minister of Provincial and Local Government's determination, in accordance with this Act. Disclosure of the remuneration of individual Councillors are considered immaterial.		
 H S D Wallace Municipal Manager		
32 DEBT IMPAIRMENT		
Receivables from exchange and non-exchange transactions - Note 21	37 573 873	47 239 932
Total Contribution to Impairment Provision	37 573 873	47 239 932
Less: Portion Relating to VAT	(647 746)	(690 043)
Total Debt Impairment	36 926 127	46 549 889
Impairment of traffic fines included above:	16 558 904	17 038 514
33 DEPRECIATION AND AMORTISATION		
Property Plant and Equipment	10 213 715	9 918 791
Capitalised restoration costs	18 803	45 223
Intangible Assets	320 079	319 564
Total depreciation and amortisation	10 552 597	10 283 579

THEEWATERSKLOOF MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

		2015 R	2014 R
34	IMPAIRMENTS		
	Property Plant & Equipment (Non-cash generating	1,333,061	8,678,050
	Capitalised restoration costs (Cash generating assets)	-	2,359
	Reversal of Capitalised restoration costs	(14,612)	-
	Investment Property (Cash generating assets)	737,811	13,851,629
		2,056,260	22,532,038
	The current economic climate with resultant declining property values is the main reason for impairment charges in the previous financial year.		
35	FINANCE CHARGES		
	Long-term Liabilities	11,876,565	11,493,092
	Non-current provisions	1,360,143	984,989
	Total finance charges	13,236,707	12,478,081
36	BULK PURCHASES		
	Electricity	44,583,289	41,425,690
	Water	10,086,297	8,617,455
	Total Bulk Purchases	54,669,586	50,043,145
37	GRANTS AND SUBSIDIES		
	Indigent Subsidies : Eskom payments	1,350,834	911,756
	Balance previously reported		823,890
	Correction of error - Note 39.1		87,866
	Total Grants and Subsidies	1,350,834	911,756
	Indigent subsidies paid to Eskom for registered indigent living in municipal area where Eskom is the supplier of electricity.		
38	GENERAL EXPENSES		
	Audit Fees	2,635,176	2,340,193
	Bank Charges	298,426	407,529
	Clean and Green Project	381,570	454,592
	Computer charges	176,935	183,617
	Fuel Cost	4,354,652	4,620,132
	Insurance	675,640	819,629
	Legal advice	487,076	912,992
	Material and protective clothing	1,813,024	1,403,670
	Membership fees	1,372,110	1,164,975
	Operating Grant expenditure (Housing Top Structures	29,543,103	33,768,955
	Postage	116,177	142,047
	Printing and stationery	793,509	730,852
	Quick Wins	-	530,192
	Electricity - Eskom	6,507,282	5,776,070
	Refuse bags	673,863	462,828
	Sporting programs	69,206	-
	Skills development levy	1,102,642	1,013,081
	Telephone	857,269	1,774,307
	Training	792,868	1,082,761
	Travel and subsistence	561,835	418,622
	Ward Committee	383,439	302,195
	Water Purification	1,410,101	1,103,937
	Other	3,225,912	4,363,934
	General Expenses	58,231,814	63,777,110

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

39	CHANGE IN ACCOUNTING POLICY IN TERMS OF GRAP 3	2014 R
	CORRECTION OF ERROR IN TERMS OF GRAP 3	
39.01	Payables from exchange transactions Balance previously reported Reclassification of unknown deposits - Notes 39.06 and 8 Correction of Eskom Invoice of June 2014 - Note 39.1 and 8	39,476,002 37,380 87,866
	Total	39,601,247
39.02	UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS Balance previously reported Correction unspent library grant- Notes 39.09 and 9 Correction unspent library grant- Notes 39.1 and 9	320,236 162,357 236,198
	Total	718,791
39.03	Investment property Balance previously reported Restatement of Investment Property received for GAP housing purposes - Notes 39.09 and 14 Restatement of Investment Property transferred ownership to other parties prior to the end of the current financial year 30 June 2015 - Notes 39.09 and 14	145,291,764 8,545,000 (1,265,000)
	Total	152,571,764
39.04	Non Current Investments Balance previously reported Restatement of Sanlam Shares Investment - Notes 39.08 and 16	- 190,437
	Total	190,437
39.05	Inventory Balance previously reported Inventory in stock but not recognised in the inventory account - Notes 39.09 and 19	1,884,068 1,724,349
	Total	3,608,417
39.06	Receivables from non-exchange transactions Balance previously reported Property Rates incorrectly levied - Notes 39.09 and 21 Property Rates incorrectly levied - Notes 39.1 and 21 Insurance claims paid short - Notes 39.09 and 21 Reclassification of unknown deposits - Notes 39.01 and 21	54,420,407 (287,242) (359,199) (134,674) 37,380
	Total	53,676,671
39.07	Property Plant and Equipment Balance previously reported First-time recognition of PPE previously omitted	640,604,516 2,380,850
	Total	642,985,366
39.08	Cash and Cash Equivalents Balance previously reported Restatement of Sanlam Shares Investment - Notes 39.04 and 16	26,967,406 (190,437)
	Total	26,776,969
39.09	Accumulated Surplus/(Deficit) Balance previously reported Restatement of Investment Property received for GAP housing purposes - Notes 39.03 Correction unspent library grant- Notes 39.02 Inventory in stock but not recognised in the inventory account - Notes 39.05 Property Rates incorrectly levied - Notes 39.06 Insurance claims paid short - Notes 39.06 and 21 First time recognition of PPE-note 38.5 Restatement of Investment Property transferred ownership to other parties prior to the end of the current financial year 30 June 2015 - Notes 39.03	491,252,538 8,545,000 (162,357) 1,724,349 (287,242) (134,674) 2,380,850 (1,265,000)
	Total	502,053,464
39.10	STATEMENT OF FINANCIAL PERFORMANCE Balance previously reported Correction unspent library grant- Notes 39.02 and 25.2 Property Rates incorrectly levied - Notes 39.06 and 24 Correction of Eskom Invoice of June 2014 - Note 37 and 39.01	58,618,450 (236,198) (359,199) (87,866)
	Total	57,935,186

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
40 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS	R	R
Surplus for the year	73,204,152	57,935,184
Adjustments for:		
Donations for Property, Plant and Equipmen	-	(49,500)
Depreciation	10,232,517	9,964,015
Impairments	2,056,260	22,532,038
Amortisation of Intangible Assets	320,079	319,564
(Gain) / Loss on disposal of property, plant and equipmen	1,877,981	31,514
Grants received	185,420,430	147,833,744
Grants withheld from Equitable Share	-	(76,000)
Grants recognised as revenue	(169,355,402)	(155,674,581)
Contribution from/to employee benefits- non curren	7,091,111	5,617,693
Contribution from/to employee benefits - non-current - expenditure incurre	(1,600,108)	(1,508,664)
Contribution from/to employee benefits - non-current - actuarial losses / gain:	230,910	4,016,215
Contribution to employee benefits – curren	9,702,900	8,465,285
Contribution to employee benefits – current - expenditure incurre:	(8,111,959)	(7,425,360)
Fair Value Adjustments - Property, Plant and Equipmen	-	(28,138,564)
Contribution to provisions – bad debi	36,926,127	47,239,932
Impairment written off	(27,774,394)	(54,774,773)
Operating lease income accrued	(5,877)	(47,155)
Changes in Non-current provisions - Unwinding of interes	1,360,143	984,989
Operating Surplus before changes in working capita	121,574,872	57,245,576
Changes in working capita	(7,386,600)	10,138,761
Increase/(Decrease) in Trade and Other Payables	10,844,499	(151,202)
Increase/(Decrease) in Taxes	827,486	4,129,501
(Increase)/Decrease in Long-term Receivables	(452,914)	585,787
(Increase)/Decrease in Inventory	(841,508)	(360,725)
(Increase)/Decrease in Trade Receivables from exchange transactions:	(10,546,070)	28,852,313
(Increase)/Decrease in Other Receivables from non-exchange transaction:	(7,218,093)	(22,916,913)
Cash generated/(absorbed) by operations	114,188,272	67,384,337
41 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Call Investments Deposits - Note 23	50,709,125	26,776,969
Cash Floats - Note 23	10,350	10,350
Bank - Note 23	17,743,217	11,240,631
Total cash and cash equivalents	68,462,691	38,027,950
42 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES:		
Cash and Cash Equivalents - Note 41	68,462,691	38,027,950
Less:	68,462,691	38,027,950
	(11,461,795)	(1,894,147)
Unspent Committed Conditional Grants - Note 3	(10,617,927)	(1,221,852)
Unspent Public Contributions - Note 1C	(843,868)	(488,399)
Less: Unspent loans	-	(183,896)
Resources available for working capital requirements	57,000,896	36,133,803
Allocated to:		
Capital Replacement Reserve	15,721,475	6,499,770
Social Contribution Reserve	55,278	55,278
Resources available for working capital requirements	41,224,143	29,578,755
43 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION	R	R
Long-term Liabilities - Note 3	110,549,989	117,064,522
Used to finance property, plant and equipment - at cos	(110,549,989)	(117,248,418)
	-	(183,896)
Cash set aside for the repayment of long-term liabilities:	-	-
Cash invested for repayment of long-term liabilities	-	(183,896)
Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.		

THEEWATERSKLOOF MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

44	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED	2015	2014
		R	R
44.1	Unauthorised expenditure		
	Reconciliation of unauthorised expenditure		
	Opening balance	21,904,021	97,110,750
	Unauthorised expenditure current year - capital	-	4,579,586
	Unauthorised expenditure current year - operating	-	17,324,435
	Approved by council	-	(97,110,750)
	Transfer to receivables for recovery	-	-
	Unauthorised expenditure awaiting authorisation	21,904,021	21,904,021

Incident	Disciplinary steps/criminal proceedings
Over expenditure on votes	None

	2015 R (Actual)	2015 R (Budget)	2015 R (Variance)	2015 R (Unauthorised)
Budget comparison by vote - Unauthorised expenditure current year - operating				
Executive and council	25,448,495	32,389,693	(6,941,198)	-
Budget and treasury office	33,628,064	34,393,456	(765,392)	-
Corporate services	51,818,279	63,383,267	(11,564,988)	-
Community and social services	5,684,556	5,945,790	(261,234)	-
Sport and recreation	7,109,249	7,506,830	(397,581)	-
Public safety	31,450,785	31,807,727	(356,942)	-
Housing	33,711,962	45,430,422	(11,718,460)	-
Planning and development	7,855,871	8,987,899	(1,132,028)	-
Road transport	28,699,667	30,714,576	(2,014,909)	-
Environmental protection	6,060	50,216	(44,156)	-
Electricity	53,309,994	57,206,764	(3,896,770)	-
Water	37,926,800	39,988,265	(2,061,465)	-
Waste water management	25,833,291	25,964,426	(131,135)	-
Waste management	26,707,830	26,925,071	(217,241)	-
	369,190,902	410,694,401	(41,503,499)	-

	2015 R (Actual)	2015 R (Budget)	2015 R (Variance)	2015 R (Unauthorised)
Budget comparison by vote - Unauthorised expenditure current year - capital				
Executive and council	1,761,791	1,897,701	(135,910)	-
Budget and treasury office	29,023	39,854	(10,831)	-
Corporate services	1,474,764	2,521,350	(1,046,587)	-
Community and social services	180,535	1,321,659	(1,141,124)	-
Sport and recreation	10,469,047	11,425,222	(956,175)	-
Public safety	203,608	245,300	(41,692)	-
Housing	29,555,409	31,228,740	(1,673,331)	-
Planning and development	157,684	280,000	(122,316)	-
Road transport	3,302,894	4,587,511	(1,284,617)	-
Electricity	7,470,243	8,331,000	(860,757)	-
Water	2,526,374	5,378,958	(2,852,584)	-
Waste water management	16,038,612	17,919,637	(1,881,025)	-
	73,169,983	85,176,932	(12,006,949)	-

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

44	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (CONT.	2015 R	2014 R
44.2	Fruitless and wasteful expenditure		
	Reconciliation of fruitless and wasteful expenditure		
	Opening balance	73,202	73,202
	Fruitless and wasteful expenditure prior year - restated	-	-
	Fruitless and wasteful expenditure current year	2,851	-
	Written off by council	(2,851)	-
	Amounts paid	(3,931)	-
	Fruitless and wasteful expenditure awaiting further action	69,270	73,202

Incident	Disciplinary steps/criminal proceedings
2012/2013 Incorrect calculation of leave pay out	None
2014/2015 Owner not billed for cleaning of stand	None

44.3 **Irregular expenditure**

Reconciliation of irregular expenditure		
Opening balance	22,656,251	206,947
Irregular expenditure prior year		22,459,741
Irregular expenditure current year	20,524,106	244,660
Written off by council	-	(255,097)
Transfer to receivables for recovery	-	-
Irregular expenditure awaiting further action	43,180,357	22,656,251
Irregular expenditure awaiting condonement from National Treasury	43,435,454	22,911,348

Incident	Disciplinary steps/criminal proceedings
Housing Contracts not finish within contract dates - 2013/2014 and prior years - R22 459 741	None
Housing Contracts not finish within contract dates - 2014/2015 - R20 524 106	None

Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies.

44.4 **Material Losses**

Water distribution losses		
- Kilolitres purified	4,688,915	4,802,938
- Kilolitres lost during distribution	1,124,857	1,071,916
- Percentage lost during distribution	24.00%	22.32%
Electricity distribution losses		
- Units purchased (Kwh)	60,283,924	60,899,240
- Units lost during distribution (Kwh)	2,817,158	2,444,153
- Percentage lost during distribution	4.67%	4.01%

45 **ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**

45.1	Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS	R	R
	Opening balance	-	-
	Council subscriptions	1,451,915	1,293,538
	Amount paid - current year	(1,451,915)	(1,293,538)
	Amount paid - previous years	-	-
	Balance unpaid (included in creditors)	-	-
45.2	Audit fees - [MFMA 125 (1)(b)]		
	Opening balance	-	-
	Current year audit fee	2,635,176	2,340,193
	External Audit - Auditor-General	2,635,176	2,340,193
	Amount paid - current year	(2,635,176)	(2,340,193)
	Balance unpaid (included in creditors)	-	-

THEEWATERSKLOOF MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

45

ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

2015
R

2014
R

45.3

VAT - [MFMA 125 (1)(b)]

Opening balance

300,244

(2,188,759)

Amounts received - current year

2,861,554

4,528,050

Amounts received - previous years

-

2,188,759

Amounts claimed - current year

(2,643,401)

(910,929)

Amounts paid

(923,662)

(3,316,877)

Amounts paid - previous years

(300,244)

Closing balance - (Receivable)/Payable

(705,508)

300,244

VAT - Receivable/(Payable)

(315,252)

(135,512)

Vat in suspense due to cash basis of accounting

Input VAT

9,852,570

8,035,148

Output VAT

(10,167,822)

(8,170,659)

Receivable/(Payable)

(315,252)

(135,512)

VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors. All VAT returns have been submitted by the due date.

45.4

PAYE, SDL and UIF - [MFMA 125 (1)(b)]

Opening balance

-

-

Current year payroll deductions and Council Contribution

17,769,323

16,043,842

Amount paid - current year

(17,769,323)

(16,043,842)

Balance unpaid (included in creditors)

-

-

45.5

Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]

Opening balance

-

-

Current year payroll deductions and Council Contribution

31,731,880

28,908,704

Amount paid - current year

(31,731,880)

(28,908,704)

Balance unpaid (included in creditors)

-

-

45.6

Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]

There were no Councillors who had arrear accounts for more than 90 days as at 30 June 2015.

45.7

Deviations approved in terms of the Supply Chain Management Policy

Deviations from Supply Chain Management Regulations were approved by the Accounting Officer on the following categories:

Less than
R30,000

Between
R30,001 and
R200,000

Between
R200,001 and
R2,000,000

More than
R2,000,001

Executive & Council

87,912

-

-

-

Corporate Services

3,221,172

3,353,151

2,699,109

-

Development Services

41,403

97,797

995,991

-

Financial Services

424,614

389,903

652,319

-

Technical Services

231,803

89,191

-

11,548,609

Operations

341,412

284,688

-

-

4,348,315

4,214,730

4,347,419

11,548,609

The major deviations approved are as follows:

Incident

Amount
R

The appointment of a Housing Implementing Agent for Caledon

8,731,569

The appointment of a Housing Implementing Agent for Botrivier

2,817,040

Purchasing of W15mm WDM Water Meters

668,040

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

CAPITAL COMMITMENTS	2015 R	2014 R
Commitments in respect of capital expenditure:		
Approved and contracted for:	34,336,076	40,517,153
Infrastructure	34,336,076	40,517,153
This expenditure will be financed from		
External Loans	3,257,437	4,133,901
Government Grants	29,499,809	36,383,252
Own Resources	1,578,831	-
	34,336,076	40,517,153

46

FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions

(b) Price risk

The municipality is not exposed to price risk

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

	2015 R	2014 R
1% (2014 - 0.5%) Increase in interest rates	684,523	380,176
0.5% (2014 - 0.5%) Decrease in interest rates	(342,262)	(190,088)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 20 and 21 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 20 for balances included in receivables that were re-negotiated for the period under review.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

46

FINANCIAL RISK MANAGEMENT (CONTINUED)

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2015 %	2015 R	2014 %	2014 R
<u>Non-Exchange Receivables</u>				
Rates	34.93%	41,218,676	34.93%	37,959,167
<u>Exchange Receivables</u>				
Services	65.07%	76,779,811	65.07%	70,715,230
	100.00%	117,998,487	100%	108,674,397

The municipality only deposits cash with organisations allowed in terms of the Cash Management Policy with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (ABSA). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at the reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

	2015 R	2014 R
Financial assets exposed to credit risk at year end are as follows		
Long term receivables	-	23,857
Receivables from exchange transactions	16,759,094	12,277,604
Receivables from non-exchange transactions	5,054,965	4,292,048
Cash and Cash Equivalents	68,462,691	38,027,950
	90,276,750	54,621,459

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

1.22

1.15

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2015				
Long Term liabilities - Annuity Loans	17,109,242	59,398,312	55,042,058	29,969,856
Capital repayments	7,492,037	28,783,360	32,662,116	24,130,132
Interest	9,617,205	30,614,952	22,379,942	5,839,723
Long Term liabilities - Stock Loans	1,602,327	7,348,984	14,339,835	10,043,320
Capital repayments	-	1,000,000	7,553,169	8,469,801
Interest	1,602,327	6,348,984	6,786,666	1,573,520
Long Term liabilities - Finance Lease Liability	185,400	370,800	-	-
Capital repayments	133,531	324,947	-	-
Interest	51,869	45,853	-	-
Trade and Other Payables	45,159,906	-	-	-
	<u>64,056,874</u>	<u>67,118,096</u>	<u>69,381,893</u>	<u>40,013,176</u>
2014				
Long Term liabilities - Annuity Loans	17,229,200	64,065,162	58,411,839	39,042,467
Capital repayments	6,909,402	30,344,464	32,555,137	30,168,044
Interest	10,319,798	33,720,698	25,856,702	8,874,423
Long Term liabilities - Stock Loans	1,597,949	6,397,496	9,820,484	17,116,486
Capital repayments	-	-	2,553,169	14,469,801
Interest	1,597,949	6,397,496	7,267,315	2,646,685
Long Term liabilities - Finance Lease Liability	93,066	-	-	-
Capital repayments	64,505	-	-	-
Interest	28,561	-	-	-
Trade and Other Payables	36,172,710	-	-	-
	<u>55,092,925</u>	<u>70,462,657</u>	<u>68,232,323</u>	<u>56,158,953</u>

47 FINANCIAL INSTRUMENTS

2015
R2014
R

In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:

The fair value of financial instruments approximates the amortised costs as reflected below.

47.1	<u>Financial Assets</u>	<u>Classification</u>		
	Investments			
	Fixed Deposits	Financial instruments at amortised cost	9,627,544	-
	Sanlam Shares	Financial instruments at amortised cost	204,593	190,437
	Long-term Receivables			
	Officials Housing Loans	Financial instruments at amortised cost	-	23,857
	Rates (Re-negotiated terms)	Financial instruments at amortised cost	-	-
	Receivables			
	Receivables from exchange transactions	Financial instruments at amortised cost	16,759,094	12,277,604
	Receivables from non-exchange transactions	Financial instruments at amortised cost	5,054,965	4,292,048
	Current Portion of Long-term Receivables			
	Officials Housing Loans	Financial instruments at amortised cost	6,811	5,429
	Sport Club Loans	Financial instruments at amortised cost	666,097	1,030,048
	Short-term Investment Deposits			
	Call Deposits	Financial instruments at amortised cost	50,709,125	26,776,969
	Bank Balances and Cash			
	Bank Balances	Financial instruments at amortised cost	17,743,217	11,240,631
	Cash Floats and Advances	Financial instruments at amortised cost	10,350	10,350
			<u>100,781,794</u>	<u>55,847,374</u>

THEEWATERSKLOOF MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

47 FINANCIAL INSTRUMENTS (CONTINUED)

	2015 R	2014 R
SUMMARY OF FINANCIAL ASSETS		
Financial instruments at amortised cost	100,781,794	55,847,374
At amortised cost	100,781,794	55,847,374

47.2 **Financial Liability**

Classification

Long-term Liabilities

Annuity Loans	Financial instruments at amortised cost	85,576,505	93,067,645
Capitalised Lease Liability	Financial instruments at amortised cost	324,947	-
Stock Loans	Financial instruments at amortised cost	17,022,971	17,022,971

Payables from exchange transactions

Trade creditors	Financial instruments at amortised cost	28,468,536	19,244,727
Interest portion of long term liabilities	Financial instruments at amortised cost	1,235,870	1,308,374
Retentions	Financial instruments at amortised cost	14,504,904	14,789,954
Sundry Deposits	Financial instruments at amortised cost	950,595	829,655

Current Portion of Long-term Liabilities

Annuity Loans	Financial instruments at amortised cost	7,492,037	6,909,402
Capitalised Lease Liability	Financial instruments at amortised cost	133,531	64,505
		155,709,895	153,237,232

SUMMARY OF FINANCIAL LIABILITY

Financial instruments at amortised cost	155,709,895	153,237,232
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48 STATUTORY RECEIVABLES

Taxes

VAT Receivable	2,389,657	1,219,981
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Receivables from Non-exchange Transactions

Property Rates	6,261,024	5,655,299
Fines	7,365,862	5,770,156

Total Statutory Receivables	16,016,543	12,645,436
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49 EVENTS AFTER THE REPORTING DATE

There are no events after the reporting date to be reported on.

50 IN-KIND DONATIONS AND ASSISTANCE

The DBSA provided technical assistance to the Local Economic Development Department. - -

51 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

52 CONTINGENT LIABILITIES

The Municipality has lodged a dispute in respect of the tariff charged by Overberg Water regarding a capital levy. This dispute has been referred to national Treasury in terms of section 44 of the Municipal Finance Management Act.

1,121,252	301,128
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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

53 RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

Related Party Transactions

	Rates - Levied 1 Jul 14 - 30 Jun 15	Service Charges - Levied 1 Jul 14 - 30 Jun 15	Other - Levied 1 Jul 14 - 30 Jun 15	Outstanding Balances 30 June 2015
Year ended 30 JUNE 2015				
Councillors	28,847	53,660	-	2,810
Carelse G	2,420	7,290	-	-
Cupido A	936	5,410	-	-
De Wet P	805	942	-	-
Hector M	1,065	431	-	-
Hendricks J	5,105	5,997	-	2,810
Nellie J	187	2,864	-	-
Papier KI	1,355	5,911	-	-
Punt C	4,906	6,580	-	-
Sipunzi U	103	4,307	-	-
Plato M	2,343	2,864	-	-
Tshaka M	-	4,179	-	-
Vosloo C	9,622	6,884	-	-
Senior Management				
Isaacs J	514	2,095	-	437

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

53.1 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted.

53.2 Compensation of key management personnel

The compensation of key management personnel is set out in note 30 to the Annual Financial Statement:

53.3 Other transactions in terms of Section 45 of the Municipal Supply Chain Regulations

	2015 R	2014 R
The following purchases were made where immediate family members are in the service of the State		
<i>J & A Electriese Werke - Owner jandre Wessels is the son-in-law of Francois du Toit, TWK Deputy Director Electrical</i>	488,498	357,188
JDFD Transport Services - Transport services - Mother of Denver and Fredericks Damons : Technical Services		1,590
Coalition Trading - Owner Pieter Meintjies is the spouse of Alison Tobias-Meintjies, TWK Assistant Supervisor	49,209	214,010
Ithuba Industries Owner Alvino De Morney is the spouse of Wendy De Morney, Department of Education Teacher	9,339	567,828
TWK TV & Video - Owner Jan Barnard is the son of Jan Barnard, TWK Director Operations	32,080	13,124
Tano'Vera - Owner Tania Bippert is the domestic partner of Nino Hendrick, TWK Manager IT Villiersdorp Sekurity - Director Leon Vosloo is the spouse of Christina Johanna Maria Vosloo TWK Speaker	72,560	31,894
Finck Attorneys - Legal Services - Spouse of Gail Finck - Senior Clerk Clearance: Greyton Repairs - Owner Riaan Groenewald is the spouse of Gail Groenewald TWK Principle Clerk	49,430	38,623
Nolene du Toit - Owner Nolene du Toit is the spouse of Francois du Toit, TWK Deputy Director Electrical	20,109	42,961
Groenland Security Services - Security and Monitoring - Spouse of M. Groenewald Senior Administrator Official, PAWC Department of Environmental Affairs	1,320	82,026
Petrol & Diesel Enjin Sentrum - Owner Petrus Pretorius is the parent-in-law of Joanne Pretorius, TWK Chief Clerk	445,425	336,133
R & L Hendricks Trust - Shareholder Robert Hendricks is the second cousin of Ashley Hendrick, TWK Manager SCM	13,370	

THEEWATERSKLOOF MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

53	RELATED PARTIES (CONTINUED)	2015 R	2014 R
	Marshall Armature Winding - Owner Gert Koegelenberg is the spouse of Martie Koegelenberg, TWK Councillor	16,044	72,352
	Mopstix Cleaning Services - Owner Altina van Niekerk is the spouse of Monroe van Niekerk, Department of Health Ambulance Medic	5,200	44,800
	Adenco Construction - Director Victor Machimana is the parent of Helen Machimana, Department of Welfare Limpopo Social Worker; Director Vuyo Machimana is the parent of Busisiwe Skosana, Department of Health Gauteng Nursing Sister and Director Daniel Jacksor is the parent of Adele Kassner, Department of Education Teacher	5,763,631	1,163,951
	WAM Technology - Director Willem Botes is the spouse of Stella Botes, Department of Education Teacher	418,065	397,994
	Masanda Trading - Construction Services - Spouse of M. Thomas		327,372
	ABSA Bank - Director Maria Ramos is the spouse of Trevor Manual a Minister in the Presidency	6,807,272	4,847,393
	Aurecon SA - Professional Services - Parent of R Mehlala (CFO: Eastern Cape Arts and Culture Council) and Son of G Saaiman (Auditor General)		38,478
	MH Sullivan t/a Jenspeed Auto Consulting - Owner Mackman Hilton Sullivan is the son-in-law of Marius August Technical Officer in Grabouw	120,622	
	Safetech - Owner Elizma Goltz is the spouse of Ronald Micheal Goltz Fireman by the City of Cape Town	12,107	
	S'Cees Coffee Shop - Owner Esmaralda Dreyer is the mother of Joshwin Dreyer TWK Financial Intern and the spouse of Neville Dreyer Health Inspector by Overberg District Municipality	25,989	
	Anchwin Technical Work - Owner Angus Klaasen is the spouse of Wylene Klaasen TWK Clerk	63,978	
	Joseph Pedro Carpets - Owner Joseph Pedro is the grandparent of Wingreen Pedro TWK Records Clerk	98,810	
	Valentine Repairs - Owner Frederich Rosant is the step-father and/ relative living in a commor household of Chris Bloemfontein TWK IT Temp	25,014	
	Nico Nel - Owner Nico Nel is the parent of Zanne Nel TWK Legal Advisor	175,921	
		14,713,993	8,580,264

APPENDIX A - Unaudited
THEEWATERSKLOOF MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2015

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2014	Received during the period	Redeemed written off during the period	Balance at 30 JUNE 2015
LONG-TERM LOANS							
Stock Loans							
DBSABANK - 20 years	9.29%	Loan No. 102275/4&5	31/03/2027	10,022,971	-	-	10,022,971
DBSABANK - 20 year	9.46%	Loan No. 101487/1	31/12/2024	6,873,758	-	-	6,873,758
DBSABANK	9.77%	Electricity Loan No. 101487/4 Admin/Corp/Refuse	31/12/2019	126,242	-	-	126,242
Total Long-term Loans				17,022,971	-	-	17,022,971
ANNUITY LOANS							
DBSA BANK - 10 & 20 year	10.74%	Loan No. 102807/1	30/06/2028	9,370,067	-	638,083	8,731,984
DBSA BANK 10 & 20 year	11.44%	Loan No. 103108/1 (Mun Buildings)	30/09/2028	9,055,098	-	314,420	8,740,677
ABSA BANK - 7 year	11.35%	11794	31/12/2014	28,775	-	28,775	-
ABSA BANK -7 year	11.35%	(Sewerage) 11792	31/12/2014	13,890	-	13,890	-
ABSA BANK - 11 year	11.14%	(Electricity, Water, Sewerage)10858/1	31/12/2018	826,636	-	150,531	676,106
ABSA BANK - 11 year	11.14%	(Sewerage)10858/2	31/12/2018	79,427	-	14,464	64,963
ABSA BANK - 7 year	11.35%	(Sewerage) 13051	31/12/2014	6,887	-	6,887	-
ABSA BANK - 7 year	11.35%	(Sewerage) 13052	31/12/2014	5,758	-	5,758	-
ABSA BANK - 8 year	11.27%	(Sewerage) 104013					
ABSA BANK - 8 year	11.27%	(12704/101) (Water Service)	31/12/2015	117,212	-	75,981	41,231
ABSA BANK - 8 year	11.27%	105021(12705/101) 13343(16.50%)	31/12/2015	48,318	-	31,322	16,997
DBSA BANK - 20 year	16.50%	(Electricity) Electricity (15.75%)	31/12/2019	124,173	-	15,350	108,823
DBSA BANK - 20 year	15.75%	(13705/102)	30/06/2020	63,297	-	6,994	56,302
DBSA BANK - 20 year	9.85%	103313.1	31/03/2029	20,098,228	-	629,300	19,468,929
DBSA BANK - 15 year	9.97%	103313.2	31/03/2024	5,264,382	-	327,229	4,937,154
DBSA BANK - 10 year	10.00%	103313.3	31/03/2019	660,642	-	107,728	552,914
DBSA BANK - 7 year	9.95%	103313.4	31/03/2016	1,519,399	-	722,896	796,503
STANDARD BANK-7 year	11.67%	72480009	31/07/2017	599,970	-	147,887	452,083
STANDARD BANK-10 year	11.72%	72479981	31/07/2020	2,315,766	-	254,854	2,060,912
DBSA - 20 year	11.06%	103817/3	31/12/2030	10,604,924	-	246,520	10,358,404
STANDARD BANK-15 year	12.22%	272400572	30/06/2026	7,500,197	-	300,252	7,199,946
ABSA BANK - 7 year	10.45%	406885872	30/06/2018	1,969,473	-	419,975	1,549,498
ABSA BANK - 15 year	10.79%	40-7908-8994	27/06/2027	11,065,746	-	420,519	10,645,227
ABSA BANK - 7 year	9.42%	40-7908-9071	27/06/2019	6,522,923	-	1,076,358	5,446,564
ABSA BANK - 7 year	8.25%	8259-8788	27/06/2019	295,210	-	49,911	245,299
ABSA BANK - 7 year	8.25%	8259-9091	27/06/2019	76,043	-	12,857	63,187
ABSA BANK - 7 year	8.25%	8259-9741	27/06/2019	469,144	-	79,318	389,825
ABSA BANK - 7 year	10.09%	387230962	21/06/2021	3,000,000	-	313,033	2,686,967
ABSA BANK - 10 year	10.63%	387230963	27/06/2024	8,275,461	-	497,413	7,778,048
Total Annuity Loans				99,977,046	-	6,908,504	93,068,542
LEASE LIABILITY							
25 Dell E5520 Laptops				64,505	-	64,505	-
30 Laptops					458,477	-	458,477
Total Lease Liabilities				64,505	458,477	64,505	458,477
TOTAL EXTERNAL LOANS				117,064,522	458,477	6,973,009	110,549,990

APPENDIX B - Unaudited
THEEWATERSKLOOF MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015
MUNICIPAL SUB-VOTES CLASSIFICATION

2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus/ (Deficit) R		2015 Actual Income R	2015 Actual Expenditure R	2015 Surplus/ (Deficit) R
-	3,904,995	(3,904,995)	Admin Housing and Informal Settlements	59,098,512	33,711,962	25,386,551
1,051,009	9,185,517	(8,134,508)	Admin. : Technical Services	1,091,808	11,254,031	(10,162,224)
-	7,629,976	(7,629,976)	Admin: Operational Services	-	8,286,688	(8,286,688)
-	3,600,510	(3,600,510)	Admin: Planning and Development	-	3,656,240	(3,656,240)
1,543,035	221,955	1,321,080	Building Control	1,462,926	379,421	1,083,505
476,821	368,525	108,296	Cemeteries	484,245	418,488	65,757
-	664,262	(664,262)	Civil Protection & Fire Protection	-	435,073	(435,073)
3,769,040	15,777,846	(12,008,806)	Council's General Expenses	4,510,772	12,682,276	(8,171,504)
820,651	18,629,465	(17,808,814)	Directorate Corporate Services	778,940	19,620,467	(18,841,527)
69,845,256	52,878,230	16,967,026	Electricity Distribution	75,847,288	53,309,994	22,537,294
59,391,219	23,577,841	35,813,378	Financial Services	66,093,964	29,135,043	36,958,921
231,587	6,513,693	(6,282,106)	Human Resources	278,599	6,348,732	(6,070,133)
486,710	2,945,249	(2,458,539)	IDP / LED	71,690	2,702,057	(2,630,367)
-	4,117,174	(4,117,174)	Information Technology	-	4,651,622	(4,651,622)
-	1,324,242	(1,324,242)	Internal Audit	-	1,567,837	(1,567,837)
(49,300)	2,574,128	(2,623,428)	Law Enforcement	-	2,565,187	(2,565,187)
5,400,099	5,280,202	119,897	Library	5,671,890	5,266,068	405,822
-	377,720	(377,720)	Mechanical Workshop	-	446,800	(446,800)
930,666	4,147,487	(3,216,821)	Municipal Manager	990,411	4,479,531	(3,489,119)
-	799,153	(799,153)	Nature reserve	-	1,041,641	(1,041,641)
-	234,100	(234,100)	Other	10,632	329,070	(318,438)
(335,432)	5,057,375	(5,392,807)	Parks and Recreation	(694,350)	5,443,177	(6,137,527)
-	33,261	(33,261)	Pollution Control	-	6,060	(6,060)
67,566	68,814	(1,248)	Proclaimed Main Roads	92,000	101,014	(9,014)
-	1,259,020	(1,259,020)	Property Manangement	-	1,433,560	(1,433,560)
58,856,660	5,799,461	53,057,199	Property Rates	68,857,405	2,925,184	65,932,221
29,075,154	27,049,757	2,025,397	Property Services	(1,631,199)	5,840,387	(7,471,586)
77,272	22,251,659	(22,174,387)	Roads	(587,994)	25,400,411	(25,988,405)
21,241,982	15,565,751	5,676,231	Sewerage	22,385,253	19,002,683	3,382,570
-	3,662,739	(3,662,739)	Sewerage Purification	-	4,418,607	(4,418,607)
2,487,601	2,207,464	280,137	Sewerage Tanker Services	3,195,969	2,412,001	783,968
25,516,928	24,884,233	632,695	Solid Waste	26,211,492	26,707,830	(496,339)
20,943	532,061	(511,118)	Sports Grounds	5,512	623,941	(618,429)
82,743,229	34,013,314	48,729,916	Subsidies and Grants	31,441,886	-	31,441,886
(17,513)	548	(18,061)	Swimming pool & Camping Site	(91,074)	490	(91,564)
341,739	3,116,263	(2,774,524)	Town Planning	469,172	3,340,833	(2,871,661)
30,071,063	28,304,730	1,766,333	Traffic Services	25,329,818	28,121,455	(2,791,637)
5,195,638	3,303,367	1,892,271	Vehicle Licensing and Testing	5,574,436	3,198,242	2,376,194
39,417,446	38,859,801	557,645	Water Distribution	45,445,051	37,926,800	7,518,251
438,657,069	380,721,888	57,935,181	Total	442,395,055	369,190,902	73,204,152

APPENDIX C - Unaudited
THEEWATERSKLOOF MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus/ (Deficit) R		2015 Actual Income R	2015 Actual Expenditure R	2015 Surplus/ (Deficit) R
4,699,706	27,555,309	(22,855,603)	Executive and council	5,501,184	25,448,495	(19,947,311)
200,991,108	64,714,858	136,276,250	Budget and treasury office	166,393,255	33,628,064	132,765,191
31,178,401	69,473,836	(38,295,435)	Corporate services	518,147	51,818,279	(51,300,132)
5,876,920	5,648,727	228,193	Community and social services	6,156,135	5,684,556	471,579
(332,002)	6,389,137	(6,721,139)	Sport and recreation	(779,912)	7,109,249	(7,889,160)
30,021,763	31,777,220	(1,755,457)	Public safety	25,340,450	31,450,785	(6,110,335)
-	3,904,995	(3,904,995)	Housing	59,098,512	33,711,962	25,386,551
-	-	-	Health	-	-	-
2,371,484	7,542,487	(5,171,003)	Planning and development	2,003,788	7,855,871	(5,852,083)
5,340,476	25,623,840	(20,283,364)	Road transport	5,078,443	28,699,667	(23,621,224)
-	33,261	(33,261)	Environmental protection	-	6,060	(6,060)
69,845,256	52,878,230	16,967,026	Electricity	75,847,288	53,309,994	22,537,294
39,417,446	38,859,801	557,645	Water	45,445,051	37,926,800	7,518,251
23,729,583	21,435,954	2,293,629	Waste water management	25,581,223	25,833,291	(252,069)
25,516,928	24,884,233	632,695	Waste management	26,211,492	26,707,830	(496,339)
-	-	-	Other	-	-	-
438,657,069	380,721,888	57,935,181	Total	442,395,055	369,190,902	73,204,152

APPENDIX D - Unaudited
THEEWATERSKLOOF MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 30 JUNE 2014	Correction of error	Balance 1 JULY 2014	Grants Received	Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2015
UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS						
	R	R	R	R	R	R
<u>National Government Grants</u>						
Equitable Share	-	-	-	62,481,000	(62,481,000)	-
EPWP	-	-	-	1,106,000	(1,097,084)	8,916
National Electrification Program	-	-	-	3,900,000	(3,900,000)	-
Municipal Infrastructure Grant	157,568	-	157,568.08	24,958,000	(25,115,568)	-
MSIG Funds	(108,727)	-	(108,727.10)	934,000	(825,273)	-
Finance Management Grant	-	-	-	1,600,000	(1,600,000)	-
Regional Bulk Infrastructure Grant (RBIG)	-	-	-	5,441,000	(5,441,000)	-
Municipal Disaster Recovery	-	-	-	1,385,000	(439,000)	946,000
Total National Government Grants	48,841	-	48,840.98	101,805,000	(100,898,925)	954,916
<u>Provincial Government Grants</u>						
CDW's	109,977	-	109,976.70	122,415	(180,895)	51,497
Housing	(6,204,758)	-	(6,204,757.58)	73,293,097	(59,098,512)	7,989,826
Municipal Infrastructure Support Grant	-	-	-	1,018,000	(1,018,000)	-
Main Roads Subsidy	-	-	-	92,000	(92,000)	-
Library Subsidy	110,260	398,555	508,814.08	6,075,000	(5,872,952)	710,862
Financial Support Grant	100,000	-	100,000.00	1,336,560	(853,417)	583,143
Total Provincial Government Grants	(5,884,521)	398,555	(5,485,966.80)	81,937,072	(67,115,776)	9,335,328
<u>Other Grant Providers</u>						
DBSA Local Economic Development	345,493	-	345,493.37	-	(17,810)	327,683
Public Contributions - HAN Students	222,011	-	222,011.44	1,399,760	(990,411)	631,360
Public Contributions - IDC - Local Economic Development	266,388	-	266,387.89	-	(53,880)	212,508
SETA	-	-	-	278,599	(278,599)	-
Total Other Grant Providers	833,893	-	833,892.70	1,678,359	(1,340,700)	1,171,551
Total	(5,001,788)	398,555	(4,603,233.12)	185,420,430	(169,355,402)	11,461,795

APPENDIX E - Unaudited
THEEWATERSKLOOF LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

Description	2014/2015							2013/2014
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
Revenue - Standard								
Governance and administration	211,036	(49,593)	161,443	172,413	10,969	106.8%	81.7%	236,869
Executive and council	6,461	(668)	5,793	5,501	(292)	95.0%	85.1%	4,700
Budget and treasury office	198,851	(46,517)	152,334	166,393	14,059	109.2%	83.7%	200,991
Corporate services	5,724	(2,408)	3,316	518	(2,798)	15.6%	9.1%	31,178
Community and public safety	20,852	80,430	101,282	89,815	(11,467)	88.7%	430.7%	35,567
Community and social services	6,155	277	6,432	6,156	(275)	95.7%	100.0%	5,877
Sport and recreation	75	(760)	(685)	(780)	(95)	113.9%	-1036.3%	(332)
Public safety	14,622	9,751	24,373	25,340	967	104.0%	173.3%	30,022
Housing	-	71,162	71,162	59,099	(12,064)	83.0%	#DIV/0!	-
Health	-	-	-	-	-	-	-	-
Economic and environmental services	7,627	1,779	9,406	7,082	(2,324)	75.3%	92.9%	7,712
Planning and development	2,026	696	2,722	2,004	(719)	73.6%	98.9%	2,371
Road transport	5,601	1,083	6,684	5,078	(1,606)	76.0%	90.7%	5,340
Environmental protection	-	-	-	-	-	-	-	-
Trading services	179,062	3,157	182,219	173,085	(9,134)	95.0%	96.7%	158,509
Electricity	75,906	(424)	75,482	75,847	366	100.5%	99.9%	69,845
Water	47,056	2,572	49,628	45,445	(4,183)	91.6%	96.6%	39,417
Waste water management	25,898	1,009	26,907	25,581	(1,326)	95.1%	98.8%	23,730
Waste management	30,202	-	30,202	26,211	(3,990)	86.8%	86.8%	25,517
Other	-	-	-	-	-	-	-	-
Total Revenue - Standard	418,577	35,774	454,351	442,395	(11,956)	97.4%	105.7%	438,657
Expenditure - Standard								
Governance and administration	146,042	(14,267)	131,775	110,895	(20,881)	84.2%	75.9%	161,744
Executive and council	28,563	3,828	32,390	25,448	(6,942)	78.6%	89.1%	27,555
Budget and treasury office	58,821	(22,827)	35,993	33,628	(2,365)	93.4%	57.2%	64,715
Corporate services	58,659	4,733	63,392	51,818	(11,574)	81.7%	88.3%	69,474
Community and public safety	35,543	53,598	89,141	77,957	(11,184)	87.5%	219.3%	47,720
Community and social services	6,167	(222)	5,946	5,685	(261)	95.6%	92.2%	5,649
Sport and recreation	7,380	127	7,507	7,109	(398)	94.7%	96.3%	6,389
Public safety	16,500	13,758	30,258	31,451	1,193	103.9%	190.6%	31,777
Housing	5,495	39,935	45,430	33,712	(11,718)	74.2%	613.5%	3,905
Health	-	-	-	-	-	-	-	-
Economic and environmental services	38,389	1,355	39,744	36,562	(3,182)	92.0%	95.2%	33,200
Planning and development	8,370	608	8,979	7,856	(1,123)	87.5%	93.9%	7,542
Road transport	29,968	747	30,715	28,700	(2,015)	93.4%	95.8%	25,624
Environmental protection	50	-	50	6	(44)	12.1%	12.1%	33
Trading services	151,618	(1,583)	150,035	143,778	(6,257)	95.8%	94.8%	138,058
Electricity	59,897	(1,690)	58,207	53,310	(4,897)	91.6%	89.0%	52,878
Water	41,496	(7)	41,488	37,927	(3,561)	91.4%	91.4%	38,860
Waste water management	24,604	(189)	24,414	25,833	1,419	105.8%	105.0%	21,436
Waste management	25,621	304	25,925	26,708	783	103.0%	104.2%	24,884
Other	-	-	-	-	-	-	-	-
Total Expenditure - Standard	371,591	39,103	410,694	369,191	(41,503)	89.9%	99.4%	380,722
Surplus/(Deficit) for the year	46,985	(3,329)	43,656	73,204	29,548	167.7%	155.8%	57,935

APPENDIX E - Unaudited
THEEWATERSKLOOF LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

Description	2014/2015							2013/2014
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
Revenue by Vote								
Vote 1 - Executive & Council	8,442	(701)	7,741	7,372	(369)	95.2%	87.3%	6,571
Vote 2 - Finance & Admin	122,951	(580)	122,370	133,599	11,229	109.2%	108.7%	147,555
Vote 3 - Planning & Development	2,026	696	2,722	2,004	(719)	73.6%	98.9%	2,371
Vote 4 - Community & Social Services	6,155	277	6,432	6,156	(275)	95.7%	100.0%	5,877
Vote 5 - Housing	-	71,162	71,162	59,099	(12,064)	83.0%	#DIV/0!	-
Vote 6 - Public Safety	14,622	9,751	24,373	25,340	967	104.0%	173.3%	30,022
Vote 7 - Sport & Recreation	75	(760)	(685)	(780)	(95)	113.9%	-1036.3%	(332)
Vote 8 - Environmental Protection	-	-	-	-	-	-	-	-
Vote 9 - Waste Management	30,202	-	30,202	26,211	(3,990)	86.8%	86.8%	25,517
Vote 10 - Waste Water Management	25,898	1,009	26,907	25,581	(1,326)	95.1%	98.8%	23,730
Vote 11 - Roads Transport	5,601	1,083	6,684	5,078	(1,606)	76.0%	90.7%	5,340
Vote 12 - Water	47,056	2,572	49,628	45,445	(4,183)	91.6%	96.6%	39,417
Vote 13 - Electricity	75,906	(424)	75,482	75,847	366	100.5%	99.9%	69,845
Vote 14 - Other	79,643	(48,311)	31,332	31,442	110	100.4%	39.5%	82,743
Total Revenue by Vote	418,577	35,774	454,351	442,395	(11,956)	97.4%	105.7%	438,657
Expenditure by Vote to be appropriated								
Vote 1 - Executive & Council	59,084	4,994	64,078	56,323	(7,755)	87.9%	95.3%	55,370
Vote 2 - Finance & Admin	55,657	4,784	60,441	50,469	(9,972)	83.5%	90.7%	68,382
Vote 3 - Planning & Development	12,318	620	12,938	11,512	(1,426)	89.0%	93.5%	11,143
Vote 4 - Community & Social Services	6,167	(222)	5,946	5,685	(261)	95.6%	92.2%	5,649
Vote 5 - Housing	5,495	39,935	45,430	33,712	(11,718)	74.2%	613.5%	3,905
Vote 6 - Public Safety	16,500	13,758	30,258	31,451	1,193	103.9%	190.6%	31,777
Vote 7 - Sport & Recreation	7,380	127	7,507	7,109	(398)	94.7%	96.3%	6,389
Vote 8 - Environmental Protection	50	-	50	6	(44)	12.1%	12.1%	33
Vote 9 - Waste Management	25,621	304	25,925	26,708	783	103.0%	104.2%	24,884
Vote 10 - Waste Water Management	24,604	(189)	24,414	25,833	1,419	105.8%	105.0%	21,436
Vote 11 - Roads Transport	29,968	747	30,715	28,700	(2,015)	93.4%	95.8%	25,624
Vote 12 - Water	41,496	(7)	41,488	37,927	(3,561)	91.4%	91.4%	38,860
Vote 13 - Electricity	59,897	(1,690)	58,207	53,310	(4,897)	91.6%	89.0%	52,878
Vote 14 - Other	27,354	(24,056)	3,298	447	(2,851)	13.5%	1.6%	34,391
Total Expenditure by Vote	371,591	39,103	410,694	369,191	(41,503)	89.9%	99.4%	380,722
Surplus/(Deficit) for the year	46,985	(3,329)	43,656	73,204	29,548	167.7%	155.8%	57,935

APPENDIX E - Unaudited
THEEWATERSKLOOF LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
REVENUE AND EXPENDITURE

Description	2014/2015							2013/2014
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
Revenue By Source								
Property rates	68,910	–	68,910	68,769	(141)	99.8%	99.8%	58,673
Property rates - penalties & collection charges	–	–	–	–	–	–	–	–
Service charges	156,249	5	156,254	153,960	(2,294)	98.5%	98.5%	142,532
Rental of facilities and equipment	1,607	159	1,766	1,467	(299)	83.1%	91.3%	1,936
Interest earned - external investments	2,482	518	3,000	5,134	2,134	171.1%	206.9%	2,904
Interest earned - outstanding debtors	6,480	–	6,480	6,473	(7)	99.9%	99.9%	9,267
Dividends received	–	–	–	–	–	–	–	–
Fines	14,334	9,950	24,284	25,247	963	104.0%	176.1%	29,835
Licences and permits	2,724	(255)	2,469	2,561	92	103.7%	94.0%	2,635
Agency services	2,332	68	2,400	2,435	35	101.5%	104.4%	2,189
Transfers recognised - operational	103,590	19,354	122,945	109,684	(13,260)	89.2%	105.9%	69,783
Other revenue	4,963	(759)	4,205	5,126	922	121.9%	103.3%	33,010
Gains on disposal of PPE	235	(235)	–	1,867	1,867	#DIV/0!	794.4%	–
Total Revenue (excluding capital transfers and contributions)	363,907	28,806	392,712	382,724	(9,989)	1363.3%	105.2%	352,765
Expenditure By Type								
Employee related costs	139,914	1,067	140,981	138,725	(2,256)	98.4%	99.2%	124,568
Remuneration of councillors	9,277	–	9,277	8,573	(704)	92.4%	92.4%	8,203
Debt impairment	23,730	13,823	37,553	36,926	(627)	98.3%	155.6%	47,240
Depreciation & asset impairment	23,081	4,000	27,081	12,609	(14,472)	46.6%	54.6%	32,816
Finance charges	13,433	(700)	12,733	13,237	504	104.0%	98.5%	12,478
Bulk purchases	54,651	441	55,091	54,670	(422)	99.2%	100.0%	50,043
Other materials	–	–	–	–	–	–	–	–
Contracted services	19,721	(975)	18,746	18,525	(221)	98.8%	93.9%	17,749
Transfers and grants	1,000	–	1,000	1,351	351	135.1%	135.1%	912
Other expenditure	86,784	21,449	108,233	80,831	(27,402)	74.7%	93.1%	86,372
Loss on disposal of PPE	–	–	–	3,745	3,745	#DIV/0!	#DIV/0!	341
Total Expenditure	371,591	39,103	410,694	369,191	(41,503)	1050.3%	99.4%	380,722
Surplus/(Deficit)	(7,685)	(10,297)	(17,982)	13,533	31,515	-75.3%	-176.1%	(27,957)
Transfers recognised - capital	54,670	6,968	61,638	59,671	(1,967)	96.8%	109.1%	85,892
Contributions recognised - capital	–	–	–	–	–	–	–	–
Contributed assets	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	46,985	(3,329)	43,656	73,204	29,548	167.7%	155.8%	57,935

APPENDIX E - Unaudited
THEEWATERSKLOOF LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING

Description	2014/2015							2013/2014
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
Capital expenditure - Vote								
Multi-year expenditure								
Vote 1 - Executive & Council	-	-	-	-	-	-	-	-
Vote 2 - Finance & Admin	-	-	-	-	-	-	-	-
Vote 3 - Planning & Development	-	-	-	-	-	-	-	-
Vote 4 - Community & Social Services	-	794	794	14	(780)	1.7%	#DIV/0!	-
Vote 5 - Housing	22,964	8,265	31,229	29,555	(1,673)	94.6%	128.7%	-
Vote 6 - Public Safety	-	-	-	-	-	-	-	-
Vote 7 - Sport & Recreation	3,286	7,959	11,245	10,303	(942)	91.6%	313.6%	3,270
Vote 8 - Environmental Protection	-	-	-	-	-	-	-	-
Vote 9 - Waste Management	-	-	-	-	-	-	-	-
Vote 10 - Waste Water Management	-	-	-	-	-	-	-	8,238
Vote 11 - Roads Transport	-	-	-	-	-	-	-	-
Vote 12 - Water	-	-	-	-	-	-	-	5,688
Vote 13 - Electricity	2,500	-	2,500	2,342	(158)	93.7%	93.7%	-
Vote 14 - Other	-	-	-	-	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	-	-
Capital multi-year expenditure	28,750	17,018	45,768	42,214	(3,554)	92.2%	146.8%	17,195
Single-year expenditure								
Vote 1 - Executive & Council	2,045	1,000	3,045	1,964	(1,081)	64.5%	96.0%	4,099
Vote 2 - Finance & Admin	626	(3)	624	506	(118)	81.1%	80.8%	705
Vote 3 - Planning & Development	419	651	1,070	910	(160)	85.1%	217.1%	2,458
Vote 4 - Community & Social Services	61	467	528	167	(361)	31.6%	275.7%	354
Vote 5 - Housing	-	-	-	-	-	-	-	16,661
Vote 6 - Public Safety	245	-	245	204	(42)	83.0%	83.0%	-
Vote 7 - Sport & Recreation	180	-	180	166	(14)	92.2%	92.2%	40
Vote 8 - Environmental Protection	-	-	-	-	-	-	-	-
Vote 9 - Waste Management	-	-	-	-	-	-	-	-
Vote 10 - Waste Water Management	18,604	(684)	17,920	16,039	(1,881)	89.5%	86.2%	10,368
Vote 11 - Roads Transport	3,263	1,324	4,588	3,303	(1,285)	72.0%	101.2%	5,192
Vote 12 - Water	9,242	(3,863)	5,379	2,526	(2,853)	47.0%	27.3%	2,428
Vote 13 - Electricity	4,111	1,720	5,831	5,128	(703)	87.9%	124.7%	3,445
Vote 14 - Other	-	-	-	-	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	-	-
Capital single-year expenditure	38,797	612	39,409	30,913	(8,496)	78%	80%	45,751
Total Capital Expenditure - Vote	67,547	17,630	85,177	73,127	(12,050)	86%	108%	62,947
Capital Expenditure - Standard								
Governance and administration	3,091	1,368	4,459	3,223	(1,236)	72.3%	104.3%	4,947
Executive and council	1,898	-	1,898	1,762	(136)	92.8%	92.8%	1,645
Budget and treasury office	42	(3)	40	29	(11)	72.8%	68.5%	4
Corporate services	1,151	1,371	2,521	1,432	(1,089)	56.8%	124.4%	3,298
Community and public safety	26,736	17,485	44,221	40,409	(3,812)	91.4%	151.1%	20,325
Community and social services	61	1,261	1,322	181	(1,141)	13.7%	298.4%	354
Sport and recreation	3,466	7,959	11,425	10,469	(956)	91.6%	302.1%	3,309
Public safety	245	-	245	204	(42)	83.0%	83.0%	-
Housing	22,964	8,265	31,229	29,555	(1,673)	94.6%	128.7%	16,661
Health	-	-	-	-	-	-	-	-
Economic and environmental services	3,263	1,604	4,868	3,461	(1,407)	71.1%	106.1%	7,507
Planning and development	-	280	280	158	(122)	56.3%	#DIV/0!	2,316
Road transport	3,263	1,324	4,588	3,303	(1,285)	72.0%	101.2%	5,192
Environmental protection	-	-	-	-	-	-	-	-
Trading services	34,457	(2,828)	31,630	26,035	(5,594)	82.3%	75.6%	30,168
Electricity	6,611	1,720	8,331	7,470	(861)	89.7%	113.0%	3,445
Water	9,242	(3,863)	5,379	2,526	(2,853)	47.0%	27.3%	8,116
Waste water management	18,604	(684)	17,920	16,039	(1,881)	89.5%	86.2%	18,607
Waste management	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	67,547	17,630	85,177	73,127	(12,050)	86%	108%	62,947
Funded by:								
National Government	31,706	(949)	30,757	29,598	(1,159)	96.2%	93.4%	27,434
Provincial Government	23,025	9,300	32,324	30,240	(2,084)	93.6%	131.3%	19,307
District Municipality	-	-	-	-	-	-	-	62
Other transfers and grants	-	-	-	-	-	-	-	-
Transfers recognised - capital	54,731	8,350	63,081	59,838	(3,243)	95%	109%	46,802
Public contributions & donations	-	-	-	-	-	-	-	-
Borrowing	5,670	5,308	10,978	6,687	(4,291)	60.9%	117.9%	8,509
Internally generated funds	7,146	3,972	11,118	6,602	(4,516)	59.4%	92.4%	7,635
Total Capital Funding	67,547	17,630	85,177	73,127	(12,050)	86%	108%	62,947

APPENDIX E - Unaudited
THEEWATERSKLOOF LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
CASH FLOWS

Description	2014/2015							2013/2014
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts					-	-	-	
Ratepayers and other	228,062	3,799	231,860	216,262	(15,598)	93.3%	94.8%	198,376
Government - operating	103,590	24,356	127,946	76,314	(51,632)	59.6%	73.7%	69,048
Government - capital	54,670	6,968	61,638	109,106	47,468	177.0%	199.6%	78,786
Interest	8,962	518	9,480	11,607	2,127	122.4%	129.5%	12,171
Dividends	-	-	-	-	-	-	-	-
Payments					-	-	-	
Suppliers and employees	(307,741)	(27,855)	(335,595)	(285,875)	49,721	85.2%	92.9%	(278,592)
Finance charges	(12,133)	700	(11,433)	(11,877)	(444)	103.9%	97.9%	(11,493)
Transfers and Grants	(1,000)	-	(1,000)	(1,351)	(351)	135.1%	135.1%	(912)
NET CASH FROM/(USED) OPERATING ACTIVITIES	74,410	8,486	82,897	114,188	31,292	137.7%	153.5%	67,384
CASH FLOWS FROM INVESTING ACTIVITIES					-	-	-	
Receipts					62,583	-	-	
Proceeds on disposal of PPE	1,656	(1,656)	-	5,755				1,584
Decrease (increase) in non-current debtors	-	-	-	-				-
Decrease (increase) other non-current receivables	-	5	5	-	(5)	-	-	-
Decrease (increase) in non-current investments	-	-	-	(9,642)	(9,642)	#DIV/0!	#DIV/0!	(190)
Payments					-	-	-	
Capital assets	(67,547)	(17,630)	(85,177)	(73,127)	12,050	85.9%	108.3%	(62,947)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(65,891)	(19,281)	(85,172)	(77,014)	8,158	90.4%	116.9%	(61,553)
CASH FLOWS FROM FINANCING ACTIVITIES					-	-	-	
Receipts					-	-	-	
Short term loans	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	5,670	-	5,670	-	(5,670)	-	-	11,275
Increase (decrease) in consumer deposits	213	7	220	233	14	106.2%	109.5%	354
Payments					4,904	-	-	
Repayment of borrowing	(7,183)	209	(6,974)	(6,973)	1	100.0%	97.1%	(6,978)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(1,300)	216	(1,084)	(6,740)	(5,655)	621.6%	518.5%	4,651
NET INCREASE/ (DECREASE) IN CASH HELD	7,220	(10,579)	(3,359)	30,435	33,794	-906.0%	421.6%	10,483
Cash/cash equivalents at the year begin:	15	38,203	38,218	38,028	(190)	99.5%	252643.8%	27,545
Cash/cash equivalents at the year end:	7,235	27,625	34,859	68,463	27,948	196.4%	946.3%	38,028



MUNISIPALITEIT THEEWATERSKLOOF MUNICIPALITY
[19 JANUARIE / JANUARY 2016]

KENNISGEWING / NOTICE

RAADSVERGADERING / COUNCIL MEETING

A G E N D A

DATUM / DATE : 25 JANUARIE / JANUARY 2016
PLEK / VENUE : RAADSAAL / COUNCIL CHAMBERS
CALEDON
TYD / TIME : 09:00

MUNISIPALITEIT THEEWATERSKLOOF MUNICIPALITY

Kantoor van die Munisipale
Bestuurder
Munisipale Kantore
CALEDON

19 Januarie 2016

KENNISGEWING AAN ALLE RAADSLEDE

RAADSVERGADERING VAN DIE THEEWATERSKLOOF MUNISIPALE RAAD

Kennis geskied hiermee dat 'n Raadsvergadering geskeduleer is vir Maandag 25 Januarie 2016 om 09:00 in die Raadsaal, Theewaterskloof Munisipaliteit, Caledon om die onderstaande agenda te behandel.

Raadslede se aandag word gevestig op die Gedragskode vir Raadslede en Munisipale Beamptes, Bylae 1 & 2 van die Wet op Plaaslike Regering : Munisipale Stelsels, 2000 (Wet 32 van 2000).

H S D WALLACE
MUNISIPALE BESTUURDER

MUNISIPALITEIT THEEWATERSKLOOF MUNICIPALITY

Office of the Municipal
Manager
Municipal Offices
CALEDON

19 January 2016

NOTICE TO ALL COUNCILLORS

COUNCIL MEETING OF THE THEEWATERSKLOOF MUNICIPAL COUNCIL

Notice is hereby given that a Council Meeting is scheduled for Monday 25 January 2016 at 09:00 in the Council Chambers, Theewaterskloof Municipality, Caledon to discuss the undermentioned agenda.

The attention of Councillors is directed to the Code of Conduct for Councillors and Municipal Officials, schedules 1 & 2 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000).

H S D WALLACE
MUNICIPAL MANAGER

ITEM OPSKRIF/ITEM HEADING

C06/2016 DIRECTORATE DEVELOPMENT SERVICES : IDP : 2014/2015
DRAFT ANNUAL REPORT (TT)

R06/2016 DIREKTORAAT ONTWIKKELINGSDIENSTE : GOP : 2014/2015
KONSEP JAARVERSLAG

[Report compile in both languages / Verslag saamgestel in beide tale]

LêER NOMMER/FILE NUMBER

9/1/1

PURPOSE / AIM OF REPORT

To submit the 2014/2015 Annual Report to Council for discussion and comments in order to comply with chapter 12 of the MFMA and for the purpose as detailed below.

DOEL VAN VERSLAG

Om die 2014/2015 Jaarverslag aan die Raad voor te lê vir bespreking en kommentaar ten einde te voldoen aan hoofstuk 12 van die MFMA en vir die doel soos hieronder uiteengesit.

BACKGROUND

The purpose of the Annual Report is as follows:

- To provide a record of the activities of the municipality (or entity)
- To provide a report on performance in service delivery and the implementation of the budget.
- To promote accountability to the local community.

AGTERGROND

Die doel van die Jaarverslag is soos volg:

- Om 'n rekord van die aktiwiteite van die munisipaliteit (of entiteit) te voorsien.
- Om 'n verslag oor prestasie by dienslewering en die implementering van die begroting te voorsien.
- Om aanspreeklikheid aan die plaaslike gemeenskap te bevorder.

DISCUSSION

Processes & Legislation

Every municipality (and municipal entity) must prepare an Annual Report for each financial year in accordance with Chapter 12 of the MFMA.

As a medium capacity municipality it is required that we compile our Annual Report in terms of Chapter 12 of the MFMA and National Treasury's Circular Number 63 with effect from 2012.

In terms of Section 127 (2) the Mayor must within seven (7) months after the end of the financial year, table in the Municipal Council the Annual Report of the municipality (and municipal entity under the municipality's sole and shared control).

Immediately after the Annual Report is tabled to council, the accounting officer must (in accordance with Section 21A of the Municipal Systems Act) make the Annual Report public and invite the local community to submit comments pertaining to the Annual Report which then is to be submitted to the Auditor-General, the relevant Provincial Treasury and the Provincial Department of Local Government.

Inability to Table Annual Report:

If the Mayor, for whatever reason, is unable to table the Annual Report to the council (and municipal entity under the municipality's sole and shared control) within the seven (7) months after the end of the financial year to which the report relates, the Mayor must promptly submit to the council a written explanation referred to in Section 133 (1) (a) setting out the reasons for the delay, together with any components of the Annual Report listed in Section 121 (3) or (4).

The council of the municipality must within nine (9) months after the financial year end (March) adopt the Annual Report of the municipality (and of any municipal entities under the municipality's sole and shared control in terms of Section 129 of the MFMA).

Oversight Reports on Annual Reports:

In terms of Section 129(1) the council of the municipality must consider the Annual Report of the municipality (and municipal entity under the municipality's sole and shared control), and must adopt an Oversight Report containing the council's comments on the Annual Report by no later than two (2) months from the date on which the Annual Report was tabled in the council. It must include a statement whether the council has:

- Approved the Annual Report with or without reservations;
- Rejected the Annual Report; or
- Referred the Annual Report for revision of those components that can be revised.

In terms of Section 129 (2) the Accounting Officer must:

- Attend council and council committee meetings where the Annual Report is discussed for the purpose of responding to questions concerning the report; and
- Submit copies of the Minutes of those Meetings to the Auditor-General, the relevant Provincial Treasury and the Provincial Department of Local Government.
- Section 129 (3) requires the accounting officer to make public an Oversight Report within seven (7) days of its adoption (in accordance with Section 21A of the Municipal Systems Act).

Council Meeting open to public and certain public officials:

In terms of Section 130 the meetings of the municipal council at which an Annual Report is to be discussed or at which decisions concerning an Annual Report are to be taken, must be open to the public and any other organs of state, and a reasonable time must be allowed for discussion of written submissions received from the local community or organs of state and for them to address the council.

Submissions to Provincial Legislature:

The accounting officer must submit the Annual Report tabled in terms of Section 127 (3) and the Oversight Report on the Annual Report adopted in terms of Section 129 (1) to the Provincial Legislature within seven (7) days after the council has adopted the relevant Oversight Report.

BESPREKING

Prosesse & Wetgewing

Elke munisipaliteit (en munisipale entiteit) moet 'n Jaarverslag vir elke finansiële jaar voorberei in ooreenstemming met Hoofstuk 12 van die MFMA.

As 'n medium kapasiteit munisipaliteit word vereis dat ons ons Jaarverslag opstel ingevolge Hoofstuk 12 van die MFMA en Nasionale Tesourie se Omsendbrief Nummer 63 met ingang vanaf 2012.

Ingevolge Artikel 127 (2) moet die Burgemeester binne sewe (7) maande na die einde van die finansiële jaar, die Jaarverslag van die munisipaliteit (en munisipale entiteit onder die munisipaliteit se alleen- en gedeelde beheer) by die Munisipale Raad ter tafel lê.

Onmiddellik nadat die Jaarverslag by die Raad ter tafel gelê is moet die rekenpligte amptenaar (in ooreenstemming met Artikel 21A van die Munisipale Stelsels Wet) die Jaarverslag rugbaar maak en die plaaslike gemeenskap nooit om kommentare in te dien oor die Jaarverslag wat dan by die Ouditeur-Generaal, die relevante Provinsiale Tesourie en die Provinsiale Departement van Plaaslike Regering ingedien moet word.

Onvermoë om Jaarverslag Ter Tafel te lê:

Indien die Burgemeester, vir watter rede ookal, nie by magte is om die Jaarverslag by die Raad Ter tafel te lê nie (en munisipale entiteit onder die munisipaliteit se alleen- en gedeelde beheer) binne die sewe (7) maande na die einde van die finansiële jaar waarna die verslag verwys, moet die Burgemeester onmiddellik 'n skriftelike verduideliking, na verwys in Artikel 133 (1)(a), aan die raad indien wat die redes vir die vertraging uiteensit, tesame met enige komponente van die Jaarverslag gelys in Artikel 121 (3) of (4).

Die Raad van die munisipaliteit moet binne nege (9) maande na die finansiële jaar-einde (Maart) die Jaarverslag van die munisipaliteit (en van enige munisipale entiteite onder die munisipaliteit se alleen- en gedeelde beheer ingevolge Artikel 129 van die MFMA), goedkeur.

Oorsig Verslae oor Jaarverslae:

Ingevolge Artikel 129 (1) moet die raad van die munisipaliteit die Jaarverslag van die munisipaliteit (en munisipale entiteit onder die munisipaliteit se alleen- en gedeelde beheer) oorweeg, en moet 'n Oorsig Verslag goedkeur wat die raad se kommentare oor die Jaarverslag, teen nie later nie as twee (2) maande vanaf die datum waarop die Jaarverslag by die raad ter tafel gelê was. Dit moet 'n stelling insluit of die raad:

- Die Jaarverslag goedgekeur het met of sonder voorbehoude;
- Die Jaarverslag verwerp het; of
- Die Jaarverslag verwys het vir hersiening van daardie komponente wat hersien kan word.

Ingevolge Artikel 129 (2) moet die Rekenpligtige Amptenaar:

- Raad en raadskomitee vergaderings bywoon waar die Jaarverslag bespreek word vir die doel om te reageer op vrae oor die verslag; en
- Afdrukke van die Notules van daardie Vergaderings aan die Ouditeur-General, die relevante Provinsiale Tesourie en die Provinsiale Departement van Plaaslike Regering indien.
- Artikel 129 (3) vereis dat die rekenpligtige amptenaar 'n Oorsigverslag binne sewe (7) dae van die goedkeuring daarvan rugbaar maak (in ooreenstemming met Artikel 21A van die Munisipale Stelsels Wet).

Raadsvergadering oop vir die publiek en sekere openbare amptenare:

Ingevolge Artikel 130 moet die vergaderings van die munisipale raad waarop 'n Jaarverslag bespreek gaan word of waarop besluite oor 'n Jaarverslag geneem gaan word oop wees vir die publiek en enige ander staatsorgane, en moet 'n redelike tyd toegelaat word vir bespreking van geskrewe vertoë ontvang vanaf die plaaslike gemeenskap of staatsorgane, en vir hulle om die raad aan te spreek.

Voorleggings aan die Provinsiale Wetgewer:

Die rekenpligtige amptenaar moet die Jaarverslag, ter tafel gelê ingevolge Artikel 127 (3), en die Oorsigverslag oor die Jaarverslag goedgekeur ingevolge Artikel 129 (1), aan die Provinsiale Wetgewer indien binne sewe (7) dae nadat die raad die toepaslike Oorsigverslag goedgekeur het.

WETLIKE VERANTWOORDELIKHED/LEGAL RESPONSIBILITIES

As indicated under discussions / Soos aangetoon onder bespreking.

FINANSIËLE IMPLIKASIES/FINANCIAL IMPLICATIONS

None / Geen

KLIËNTESORG IMPLIKASIE / CLIENT CARE IMPLICATION

None / Geen

RECOMMENDATION BY ITEM AUTHOR TO COUNCIL :

It is recommended:

That Council takes note of the 2014/15 Annual Report.

AANBEVELING DEUR ITEM OUTEUR AAN RAAD :

Daar word aanbeveel :

Dat die Raad kennis neem van die 2014/15 Jaarverslag.